WHAT ARE THE PROFIT OPPORTUNITIES IN SHIPPING STOCKS?



# The MAGAZINE of WALL STREET

EDITED BY

Richard D. Wyckoff




## Shifting From a Weak to a Strong Market Position

**—a List of 70 Practical Stock Suggestions—**

*See Pages 998 to 1001*

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September 26

# With the Editors

## The Opportunities That Are Presented in Securities

IT is a matter of history that the great fortunes of the country have been amassed through investment rather than speculation. These fortunes have been created by men who have had the courage of their convictions; the knowledge requisite to determination of values; infinite patience, and the character which comes as a result of applied effort and concentration.

"Genius is a matter of hard work," it has been said. Certainly our great financial geniuses have been men unafraid of applying themselves to their problems without stint.

We firmly believe that any man who has an ordinary amount of common-sense and who possesses the will-power necessary to the obtaining of knowledge can become a success in the investment field. After all, there is nothing magical about securities. Success in this field is simply a matter of development of knowledge and its application based on tried method. *Such facts as lead to investment success are within common reach.*

The truth of the matter is that few men or women are willing to spend the time to make the effort which might gain for them that knowledge which in turn could lead to financial independence. Most of us are lazy and content to swim along with the tide. The exceptions, however, become successful. We are reminded of an acquaintance who has made the study of the properties of a certain railroad his avocation. This man is just an ordinary investor, not an investment expert.

A number of years ago, he was persuaded to make a small investment in the common stock of this railroad. Almost from the beginning, the stock went "sour." Our investor consequently made up his mind that he would find out what was wrong. Accordingly, he read up on everything connected with the road, saw someone connected with its bankers, talked with several railroad specialists and in this way got a general background of the history of the company. For several years, he left almost nothing undone to find out more about the company's affairs. The result naturally was that he became exceptionally well posted. After he had the facts, he discovered that the stock was considerably under-priced, that the road faced a period of increasing earnings and that the risk involved in purchase of the stock was small. He was so sure of his ground that he invested very heavily. For a long period, the investment proved unproductive but our investor felt it was only a matter of time before his purchase would bring results. Last year when railroad stocks again came into favor, his stock started advancing and today is many points higher than where originally purchased. Our investor has a very handsome profit which he can accept at any time.

Three things brought success to this man. The first was an intimate knowledge of the property in which he had invested, the second was the patience to stick with his investment and the third, the common sense to understand that without either he could not succeed. We believe that what this man was able to do for himself can be done by anyone with an ordinary amount of intelligence and will-power.

# In The Next Issue

### *Industries Which Will Make the Fortunes of the Future*

**—great changes are taking place in a fundamental way in industries today. New industries are coming to the front, crowding out some of the older ones. This will inevitably affect the securities of a number of companies. The discerning investor will find some really remarkable long-range opportunities. He will also take the warning to dispose of securities representing companies which cannot meet this new form of competition. We present in addition to the article a list of companies affected by this change.**

### *Special Opportunities in Public Utility Bonds*

**—though the bond market as a whole is in an unattractive position for the investor seeking a high return, there are nevertheless a number of opportunities in hitherto untouched branches of the public utility field. The investor will find the list of securities we recommend in this article of more than passing interest.**

### *Building Your Future Income*

**—this department has been specially prepared. We believe our readers will find it of the highest practical value in many of the phases which concern their personal financial problems. In addition to insurance and practical articles on investment, you will find a unique chart showing where to go to obtain interest from 4 to 10% and what a given amount will be up to twenty years if compounded. This chart is especially valuable for reference purposes.**

**Among other features will be a comprehensive review of New England mill stocks; an analysis of the Bond Buyers' Guide record; an article by a leading railroad president on the solution of railway financial problems; and, last but by no means least, analyses of the position of several score important securities.**

The MAGAZINE of WALL STREET

EDITOR
RICHARD D. WYCKOFF

MANAGING EDITOR
E. D. KING

# INVESTMENT & BUSINESS TREND

## Business Progress in Autumn—President Coolidge for Railroad Consolidation—Income Tax Reduction—Effect of Commodity Prices on Securities—The Market Prospect

WITH autumn at hand, the usual increase in business activity is noted. The improving tendency seems general. Unfilled orders of the U. S. Steel Corporation, usually a good barometer, showed that the declining tendency in steel orders which has continued without interruption from the first of March is practically at an end. Judging by the trend showing a growingly smaller decrease in the decline of unfilled orders, it is probable that the next statement will indicate a gain. This means that for the time being at least, the steel industry can look forward with confidence to an increase in business. Other barometers, such as bank clearings, railroad traffic, mail-order sales tell the same story of general improvement in volume of activity.

The crop situation is reasonably good and, while individual sections have been hurt by poor crops, the general picture is favorable. Prices bring a profit. That farmers are regaining confidence in the outlook is indicated by the large increase in their orders for automobiles, farm machinery, household utensils and clothes.

Illustrating the general freedom from financial restraint, it is reported that sales of men's clothing has greatly increased. This branch of business has been particularly poor for some time. The change is a welcome one. Department stores are active and chain store systems report increasing profits.

The picture, of course, is not all favorable. The important coal strike has affected conditions in the anthracite districts of Pennsylvania. The textile industry is still on a hand-to-mouth basis with the workers buying very little owing to recent wage cuts. There are signs of trouble in the building industry.

Of general importance is the fact that the margin of profit is not large with mainly the more important corporations doing business on a really profitable basis. Yet consumption is high; employment of very substantial proportions. Credit is abundant though not so cheap as a year ago. Foreign conditions are giving less concern. In short, the general situation is about as satisfactory as could be expected under conditions which clearly show that we are still struggling with the problem created by an excess of productive capacity.

*RAILROAD CONSOLIDATION*

WHEN President Coolidge recently came out flat-footedly in favor of hastening the process of railway consolidation, he probably had in mind the tortoise-like progress of the Interstate Commerce Commission. This body has been deliberating for months on the Van Sweringen merger with the conclusion apparently as far off as ever. In well-informed circles, the action that will be taken in this merger is considered a probable precedent for future consolidations. Hence, the delay of the I. C. C. is rather irritating.

From a security viewpoint, it is apparent that consolidation offers considerable speculative possibilities. In fact, the current strength of railway shares is in anticipation of such possibilities. With President Coolidge firmly of the opinion that consoli-

dation must be hastened, it is probable that before long developments along this line will be numerous. It is for this reason that the railway share market is expected to give a continued good account of itself.

*TAX CUT*

THE administration is committed to the policy of a drastic cut in income taxes, particularly with reference to the surtax charges. Figures relating to the possibilities of tax cuts have varied but the maximum may be safely placed at 20%. It is also probable that the bothersome Inheritance taxes will be shaved down considerably. In fact, there is a substantial representation in Congress which favors abolition of this tax altogether. Other taxes that may disappear are the so-called nuisance taxes. The normal tax on small income will also be cut and estimates are that the present tax of 2% will be cut to 1% with possibilities that the exemption limit will be raised. Naturally all this is good news to business men and investors.

*SPECULATIVE BONDS*

HIGH-GRADE bonds offer few attractions from the viewpoint of profit-making possibilities. Middle-grade bonds have already made good our prediction and only a handful among the listed issues are really cheap. Most of the available opportunities among listed high grade bonds, in fact, are covered in our Bond Buyers' Guide which appears regularly in each issue. There are, however, a number of speculative opportunities among less seasoned bonds and, particularly, among that class of bonds representing companies showing signs of recovering their old earning power. It is among this latter type of issue that some really unusual speculative opportunities may be found. We refer readers to our Bond Buyers' Guide and to the special article on this subject on page 993.

*PRICE TREND*

THE average of commodity prices is slightly lower than a month ago, largely due to a drop in foodstuffs. After rising for three months, the recent decline is to be expected. The following general commodities are lower than last year this time: cotton goods, coal, steel and iron, gasoline, sugar, wool and woolen goods. The following show advances as compared with last year: most drugs and chemicals; fertilizer; wheat and corn; hides and leather; copper, zinc, lead and tin; paper products; provisions; tobacco.

This is a particularly significant record to investors. In each case where commodities have declined, earnings have declined with them and the securities representing manufacturers of such products have also declined. On the other hand, where prices have advanced, earnings and securities have advanced. *It need not again be repeated that it is of great importance that investors follow the price trends of industries in whose securities they happen to be interested.*

*RETURN TO PROSPERITY*

PERHAPS the most significant industrial feature of present-day conditions in the United States, is the recent return to prosperity of entire groups of industries which have lain submerged since the 1921 depression. Among such are the following: fertilizer, harvesting machinery, hide and leather, paper and chemical companies. Practically in all important cases, securities representing these companies have definitely given witness in their steady market advances, that the corner has been turned.

*MARKET PROSPECT*

THE market has reached that stage in which highly speculative influences seem to predominate. Senseless gyrations in a number of speculative leaders are symptomatic of a condition in which speculators evidently attach less importance to security values than to the possibility of making quick profits. As illustrating the situation may be cited the spectacular advance without any apparent reason in the quotations of a leading railway equipment stock. This drew the sharp condemnation of the company's president, who not only denied the rumors which accompanied the advance but attributed the move entirely to speculators.

Sophisticated operators at heart believe that prices in most cases are too high but as a matter of policy are content to go along with the trend. This may be profitable to them as long as the rise holds out but the experienced investing class, distrustful of the market, remains aloof. A broad picture of the situation, however, will not leave out the fact that there are still a number of cheap stocks but these are by far in the minority. As for the rank and file of stocks which for long have been in the speculative limelight, they ought to be left severely alone.

Monday, September 21, 1925.

# Must Wages Be Lowered to Safeguard Dividends?

### *Drive to Cut Wages an Industrial Necessity—Future of Profits Requires Reduced Production Costs*

By CARSON GATES

TO-DAY there is a movement toward wage-cutting and several of the basic industries have been affected. Before 1925, the great employing corporations did not dare reduce wages. The need for a reduction was as clear then as now, but they were afraid of labor's power.

Yet, despite the fact that, except for the textile industry, labor has scarcely weakened, 1925 has seen wage cuts galore. There is only one conclusion possible. Industry can wait no longer to cut wages no matter what the consequences. Its hand has been forced by the inevitable.

Textiles and Bituminous coal have been the first to act. New England has seen wage reductions of at least 10% and in many cases much more. Wool, worsteds, thread, linen, hosiery, cotton: all have been affected.

The American Federation of Labor has protested violently. Mill owners reply that operations for two years at a loss require these wage cuts if the New England textile industry is to survive at all. Senator Butler of Massachusetts has stated that unless high protective tariffs are imposed on fine textiles this industry will have to close down.

But the cost of wages rather than tariff protection is the nub of the problem as is shown by the action of the American Woolen Company. Notwithstanding a protection accorded to few industries, it has been compelled to reduce wages 10% in order to have the opportunity of earning a dividend on its preferred stock. It must not be forgotten that in 1923 there was a general advance of 12% in the New England mills. Since that time, losses have been colossal.

The reaction has been sharp. Strikes, endemic rather than epidemic, have broken out. But the United Textile Workers speak not only of demanding the retrocession of the recent 10% cut but also of the 22% cut in 1919 that precipitated the great Rhode Island strikes of the time. How the investor in textile stocks it to get anything out of his investments the unions do not state.

It is estimated that for every $100 gross sales in the cotton and wool industries about $22 is cost of wages. A 10% reduction in wages is equivalent to a 2.2% profit on gross sales. Obviously, 2.2% of gross sales will invariably represent a much larger percentage on the invested capital. It is from this percentage that the investor derives his dividends. What this means to the investor is clear: it is the difference between dividends and deficits.

The wages agreement between the United Mine Workers and the Bituminous operators' association has been broken by the operators. Technically it was done by many of the operators resigning from the association. They were then no longer concerned with its agreements and were free to act as they pleased. They then reduced wages to the 1917 level.

The excess production capacity of bituminous mines over any possible present consumption is such that it is difficult to make money at all in this industry. As soon as there are any profits, hundreds of new mines are "born" and in the ensuing competition, profits disappear. An industry with such a thin margin of profits can survive only if costs are cut to the bone.

About 65% of the mines are unionized and 35% are open-shop. The unionized mines are helpless against the competition of the open shop. Such West Virginia fields as Pocohantas and New River have flexible open-shop labor costs. They cut their costs to suit the

### *How a Wage Cut Would Have Saved the Bethlehem Stockholders*

*—In 1924 the Bethlehem Steel Corporation paid out wages amounting to 99 million dollars. In that year its earnings on the common stock were only $2.56 per share and the company was compelled to suspend the common dividend in the early part of the year.*

*—Had wages been cut 10%, the company would have saved 9.9 million dollars or approximately $5.50 per share of common stock (1,800,000 shares outstanding). This saving of $5.50 per share, added to the $2.56 actually earned would have permitted the continuation of the $5 dividend on the common stock, and would have carried over $3 a share to the surplus account.*

*—Had labor been able to obtain a 10% increase, the expenses of the company would have risen by 9.9 million dollars. Not only would all earnings on the common stock have been wiped out, but nothing would have been earned on the preferred stock. The interest requirements on the funded debt would have fallen short by one million dollars, and the company would have had to reduce its surplus.*

*—It is obvious that the cost of wages bear a far more direct relationship to the payments of dividends than shareholders usually suspect. Frequently a difference of 10%, sometimes of only 5% in wages makes for either dividends or deficits.*

## 1925 Wage Cuts by Representative Companies and Industries

| Textiles | Principal Product | No. of Workers Affected | Wage Reduction |
|---|---|---|---|
| Amoskeag Mfg. | Ginghams | 14,000 | 10% |
| | | | voluntarily accepted |
| Farr Alpaca | Mohair | 3,200 | 10% |
| | | | working days increased |
| American Thread | Thread | Thousands (N.R.) | |
| | | | 6 months strike |
| Pacific Mills | Worsted Dept. | 4,500 | 10% |
| J & P Coats | Thread | 4,200 | 10% |
| Lorraine Co. | Cotton & Worsted | 2,000 | 10% |
| Utica Steam, etc. | Cotton Mills | 2,000 | 10% |
| | | | strike, 5% compromise |
| American Woolen | Wools & Worsteds | 30,000 | 10% |
| Arlington Mills | Woolens | 6,000 | 10% |
| National Spun Silk | Silks | N.R. | N.R. |
| Coal, Iron and Steel | | | |
| British Empire Steel | Coal, Iron & Steel | 7,000 | 6- 8% |
| | | | workers defeated after 5 months strike |
| Alberta Coal Fields | Coal | 3,000 | 15% |
| | | | workers defeated |
| Colorado Fuel & Iron | Coal | 4,000 | 29% |
| | | | voluntarily accepted |
| Consolidation Coal | Coal | N.R. | |
| | | | workers back to 1917 level. |
| Lukens Steel Co. | Iron & Steel | 2,000 | 10% |
| Northern Colorado Fields | Coal | 3,000 | 35% |
| Shoes | | | |
| Bates Shoe Factory | Shoes | 500 | 15% |
| | | | 5% accepted, strike against 10% |
| Paper | | | |
| Merrimac Paper | Paper | 200 | 10% |
| Rubber | | | |
| Goodyear Tire & Rubber | Tires, etc. | thousands (N.R.) | 5-10% |
| Woonsocket Rubber | Rubber Goods | 2,000 | N.R. |
| Ajax Rubber | Tires, etc. | ..... | ..... |
| Building Trades | | | |
| Bricklayers' Strikes Sporadic | | | |

Constant quarrels of unions, may involve one billion dollars pending construction.

Actual strikes lately in 13 cities have held up 100 million dollars of construction.

Note:—Workers directly affected all fields 400,000. Reported reductions only part of total.

N. R. not reported.

market and they get the business. The unionized mines get what is left.

In the anthracite fields the situation is not quite the same. The great strike now going on may be less of a strike than a joint hold-up.

The Colorado Fuel and Iron Company in two steps cut the wages of labor by 29% in the last four months. Such a move was compulsory especially in its coal mining operations. Its labor cost remains higher, even now, than that prevailing in Pennsylvania. Now, it is possible that with this reduction in wages, instead of bond interest being barely earned, even shareholders may see a dividend.

Smaller steel and iron companies have followed suit. An interesting development casting light on the situation is that in the iron trades where the puddlers have agreed to accept a sliding scale of wages based on a ratio to the price of bar iron. A reduction of $2 in the price of bar iron has compelled a reduction of 50 cents per ton in wages.

Taking 1919 wages as a base, labor is earning 10% more than it then earned. In 1919, the prices of manufactured goods were at their crest. Payrolls are now 10% greater and prices of manufactured goods are, conservatively, 20% less.

This reduction in gross receipts does not, of course, indicate a similar reduction in net receipts since many of the materials entering into manufacture have also been deflated. But, undoubtedly, manufacturing net profits are considerably smaller now than in 1919, and the payroll is larger. Labor enjoys 10% more in money wages and, considering the decline in the cost of living, enjoys at least 35% more in real wages. A 10% deflation in wages would still leave labor considerably ahead of the 1919 real wage, at that time considered the highest point of prosperity that labor had yet reached.

These high wages have been welted out of industry by the sheer power of labor. It copper-riveted its hold by obtaining an immigration law that made certain the steadily mounting dearness of common labor. While they obtained this two-fold victory, industry faced increasingly narrow margins of profit.

Narrow margins of profit! That means no dividends in the case of weak companies or attenuated dividends in the case of stronger companies.

It is particularly pertinent to note that despite the high prices of the stock market comparatively few companies have actually increased dividends this year and that a number of others, who would have done so, as warranted by their past earnings, hesitate because of their uncertainty.

American industry was over-built during the war. *The industries most largely over-developed are the first to find present wage rates fatal to their dividends.* Textiles and steel are equipped for more than our domestic market. Chemicals were given a hot-house forcing by the absence of German competition. Bituminous coal mine-owners enjoyed fabulous profits and these profits attracted money into hundreds of new mines.

It is this excess capacity that "bites" into the possibility of recovering high labor costs from the consumer. Workingmen wonder why wage increases are not invariably granted them since they can be "passed on in the price." But where there is more production capacity than there is demand, it follows that any advance in prices is cut down by the keen competition to get the little business. In this scramble profits vanish. It is this feature which has so markedly cut into the profits of the steel companies. A smaller volume of gross sales accompanied by high wage costs is the end of all profits.

A greatly stimulated export trade would do much to remedy this situation but the existence of a high protective tariff by limiting our imports seriously limits export possibilities as well. If we do not buy from others, they may not have the wherewithal to buy from us.

Not only the foregoing industries but even the more healthy ones are seriously affected by the present wage scale. Where textiles, coals and chemicals have led in wage cuts, the garment and building trades have followed in industrial disputes. Even the aristocrats of labor, the plumbers and the steamfitters, have become involved.

The healthier industries are considerably affected by the fact that wages have risen and gross receipts declined. True, if they are growing industries, or if competition has not as yet saturated the industry, they do not feel the pinch. Rising costs and thinner margin profits will, however, even here, lead to attempts to cut wages.

Tire and glass industries are typical of such a situation. It is particular to note that these two industries, closely related to the healthy automobile industry, should exhibit this weakness as a result of the labor situation.

Despite these threats to its status American labor is not in a weak position. The high wages that have weakened so many industries have given the sinews of war to the unions. What makes the situation most interesting is that nine-tenths of American labor is not unionized. This, and this alone, is the Achilles heel of labor.

Were we to face a unionization as rigid and as universal as in Great Britain, combined with the infinitely greater wealth of American labor, there would be much to fear. But whatever the striker's possibilities in the present wages-cutting situation the investor need not fear an industrial war. For once, with costs reduced, the investor will receive a better return from the weaker industries than has been his lot in the last five years.

Unlike Europe we have no rich investing class opposed to a miserably poor working class. Our investors number tens of millions and are drawn from every economic level, rich and poor alike. Workingmen are largely investors. Either they own securities directly or their bank savings and insurance policies give them a heavy stake in the existing social order.

Since investors are as often poor as rich and workers as often well off as poor labor deflation need not have any tragic significance except for the most unfortunate class of unskilled workers. No labor deflation is likely to occur that will keep the workers below the pre-war level.

The funds of the unions are largely in the labor banks. As bankers they are compelled to look to the profits of their customers. This is a typical criss-crossing of interests.

There is no American business man of any good sense who does not bitterly regret such a situation as that of compulsory wage cutting. A highly paid laborer is a pride to himself and his community. Everyone rejoices to see the millhand own a "tin lizzie." That we have the highest standard of living in the world is what makes our country the pleasantest in which to live.

It is an economic force that no man or men can control that compels these reductions. Capital will not be attracted to enterprises that do not pay a reasonable return. Such industries will eventually shut down if capital investment is starved. The net result is that labor would be worse off than if it had submitted to a reduction that would have permitted the industry to thrive. For its best interests, therefore, it seems that labor must shape itself to meet this situation even if temporary hardship is incurred.

A major conflict is going on within the unions between the "yellow" and "red" factions. Although he has repeatedly failed to make a dent in the American Federation of Labor the figure of William Z. Foster, the communist leader, still casts a sinister shadow.

The solidification of the trades unions against revolutionists "boring from within" has been a result of trades union supremacy and consequent contentment. A labor deflation, especially if accompanied by rising costs of living, would play into the hands of Foster and his following. It is understood by keen observers that the United States Steel Corporation would like to reduce wages but dare not. They fear that Foster might succeed in doing in 1926 what he almost accomplished in 1919—the unionization of the industry. Until that industrial pace setter, the United States Steel Corporation, disregarding this possibility, deflates wages, the tendency towards wage-cutting will not have received its full impetus.

Obviously no general conclusion is possible. The percentage of total costs represented by labor costs is the key to the analysis. Where, as in electric light and power enterprise, labor is well-nigh an insignificant cost, the dividend situation has nothing to do with the wage level. In proportion as labor cost is an increasing percentage of all costs, the effect of high wages on dividends becomes more and more pronounced. Among such industries can be cited coal, iron and steel, textiles, chemicals, railroads and most heavy industries. The automobile industry is the one important exception. Here, a terrific volume of demand has cancelled the labor cost factor. For the investor one clear perception is possible. He seeks dividends. In the high labor cost industries he will not find the best dividend opportunities. But as these industries progressively deflate labor costs, the investor's dividend opportunities will rise in proportion. For this reason the present tendency towards wage-cutting has a direct investment significance.

# 1925's Crops Show Where Business Will Be Best

## *What Every Business Man Wants to Know*

***This year, special significance is accorded the value of our crops. On the amount of cash received by the farmers largely will depend the business and financial outlook. The article which we present here is of unusual value because it suggests which parts of the country are likely to offer the best field from the viewpoint of business exploitation. For that reason, it ought to be found especially helpful by business men. For the investor, it has equal value. Naturally those industries directly dependent on the state of the crops will be influenced to a large degree by their value. Among such industries may be cited: farm implements, fertilizer, mail-order concerns, and the railroads.***

FOR the second straight year the farmer is enjoying prosperity. His buying power stimulated the flagging business of the country in 1924, and it is distinctly buttressing business in 1925.

The money value of the crops this year is equal to that of last year, and the crop values last year were the greatest since 1919. One year of farming prosperity revived business; the second year is assuring to the business man prosperity for a considerable period.

### *Farm Buying Power Greater Than Appears*

"Agriculture is the foundation of commerce and industry." So runs the proud boast of the Department of Agriculture. Every business man is aware of its truth. Forty per cent of all the production in this country is that on farms. This comprises the three great branches—crops, animals, animal products. When agriculture, or in other words, when 40% of our domestic market is sound, business cannot be unsound.

Not only has the farmer enjoyed the second year of cash prosperity but he is also profiting because what the business man has to sell him is cheaper in relation to the price of farm products. Everyone knows that the cost of living has gone up about 10% in the last year. What is not known is that this is true principally of farm products, more especially live stock. The index of grain prices has risen from 130 to 152, of fruits from 142 to 178, of meat animals from 103 to 148, of dairy and poultry products from 122 to 134. Only cotton has declined.

Generally, agricultural products advanced in price from July, 1924, to July, 1925, from 132 to 148. Non-agricultural products, or what the business man has to sell the farmer, rose only from 158 to 164. In plain language, *the farmer has a buying power for merchandise 10% more than he had in the 1924 agricultural boom.*

The great money value of crops does not mean abundance of food for the city dweller. For example, hogs show a notable increase in money value, but the principal reason is the shortage in hogs, one of the most pronounced in years. Cattle and calves are showing a tendency to decline, although at the beginning of the year, shipments exceeded that of last year.

A peculiarly apt example is potatoes. The crop is the shortest in a decade and the farm value 50% above that of last year. Apples tell a similar story. They will tell it more and more for Europe has discovered that the American apple is the finest eating apple in the world. Our apple crop, when it fails, may reach dizzy price heights.

### *Conditions in Various Sections of the Country*

Naturally the corn belt leads in prosperity. This year's corn crop has been abundant and of prime quality. While the price of corn is not quite equal to that of last year, the price decline has not matched the physical increase.

Every corn farmer will have more money. His hogs have brought him in splendid prices, and here the shortage of supply has not matched the increase in price. Here again he has more than last year. It is rare to see the "breaks" favor the farmer both ways, but the corn belt has done this in 1925. *Iowa, the prime producer, ought to provide a fine market for city merchandise this year.*

Production of wheat has been short this year. Ordinarily, the domestic market consumes 650 million bushels of wheat. The total crop will be 700 millions, leaving only 50 millions for export. What we export usually are the hard macaroni wheats and wheat in the shape of flour.

Owing to the shortage in the production of potatoes, ordinarily a wheat substitute, there can be no question that the domestic demand for wheat will be exerted to the full. Hence we may look for continued high prices. Nevertheless the prices have not quite made up for the shortage of supply, so that there will be a trifle less money in the wheat country. But when the greater buying dollar of the farmer with reference to city merchandise, as against 1924 is considered, the wheat country should offer about as good business as in the boom days of 1924. *The Northwest looks particularly good.*

Naturally, great potato states such as *Maine* and *Michigan* should do extraordinarily well. The steep rise in the price of potatoes will bring great prosperity to many a farm that sorely needs it. For once a cruel season has proved a blessing in disguise.

*The apple country, especially Washington and Oregon, ought to be bonanza markets.* Here the rise in money income has been extreme; if purchasing power be taken into account for many farmers it must have increased threefold.

### *The South*

Tobacco, the great staple of North Carolina and Kentucky, and abundant in ten other states, among them Connecticut, will probably command the same cash total as last year. At first the Department of Agriculture was quite pessimistic about this year's yield, but the decline in production appears to be one-half of 1%. Here there has not been a sharp advance in prices so that the market is about the same as last year.

Cotton has presented the sensation of the season. Estimates of the crop have risen and fallen almost dramatically. The upshot seems to be that the crop will be a little larger than last year, not much more than 2% apparently. The price to the farmer is not so attractive as in 1924. All in all the supply and price factors about cancel each other and the 1925 southern

market will prove to be as good as in 1924.

Only Texas has suffered considerably, and in certain sections of Georgia, where the soil is poor, the results may not have justified the expense for fertilizer. But most of the cotton belt is somewhat ahead of last year, the decline in Texas having been made up principally in Mississippi, Arkansas and North Carolina. But when the great acreage planted this year is recalled (4 million more than 1924) the yield is disappointing.

Cotton is our greatest money crop. From 1921-23 it suffered a depression such as this country has seen only once before, that is, at the opening of the European War. Hence 1924 recovery did much to re-establish confidence in the crop as a money producer. But the numerous weak spots, each year in some different state, make the Southern market as yet more unreliable than other agricultural areas. Above all there is low purchasing power all around. *Alabama and Mississippi, for example, have the lowest per capita income of any states in the Union. The ten lowest per capita income states are in the South.*

### *Cattle Country Prosperous*

Live stock raisers out west are prospering mightily for the first time in many years. We have heard much about our doomed cattle industry but there can be little doubt that the live stock raisers will defy that doom for many years to come. In fact *there is a permanently better market for business in that area. It will pay to look into it.*

Outside of the Southwest, the cattle country is shipping about as many head of cattle as last year and at a price about 25% higher. In the Southwest, however, principally in Western Texas and in Oklahoma, there has been a marked decline. The increase in prices have almost, but not quite, compensated.

*But the great range county—Western South Dakota, Montana, Wyoming, Colorado, North Dakota—all the "vanishing frontier" has much more money to spend this year.* Perhaps steady substitution of domestic for foreign demand has had much to do with it. At any rate the frontier has remained static in production and the number of meat consumers in this country has grown.

Cattle prices move in great swings. Once the producers are in the saddle they will probably have a seller's market for many years.

### *Crucial Importance of Agriculture*

Turning from particular markets to the country in general, it can be stated that any period of prosperity will be short-lived in which the farmer does not thrive.

Agricultural depression and business depression set in coincidently in 1920. Agricultural depression lasted to the summer of 1924—a space of almost four years. In 1922, business began an apparently full recovery from its deflation misfortunes. Yet in 1923 and 1924 there prevailed a heavy reaction. The sick state of two-fifths of our domestic market precluded the possibility of any real gain in prosperity. The farmer thrived in the fall of 1924. He has thrived again this year. *Such prosperity on his part is a signal for merchants and manufacturers. There is a fairly well sustained prosperity ahead.*

Business men have been warned, especially by persons interested in international finance, that the prosperity of our farming population was due to the particular European situation in 1924. We had several abundant crops when the rest of the world was short. However, these prophets are completely refuted by the events of 1925. The crops throughout the world are relatively abundant and our own crops, as physical volume, not at all remarkable. These experts are now falling back upon the statement that our foreign dollar loans stimulate export demand considerably and that without this the farming element would not be prosperous. In 1925, however, the domestic market has been king, and exports played a minor role. Hence it is clear that American farming can depend for continued prosperity upon American demand. There need be no fear as to the immediate future.

### *Bank Credit Situation Shows Agriculture Sound*

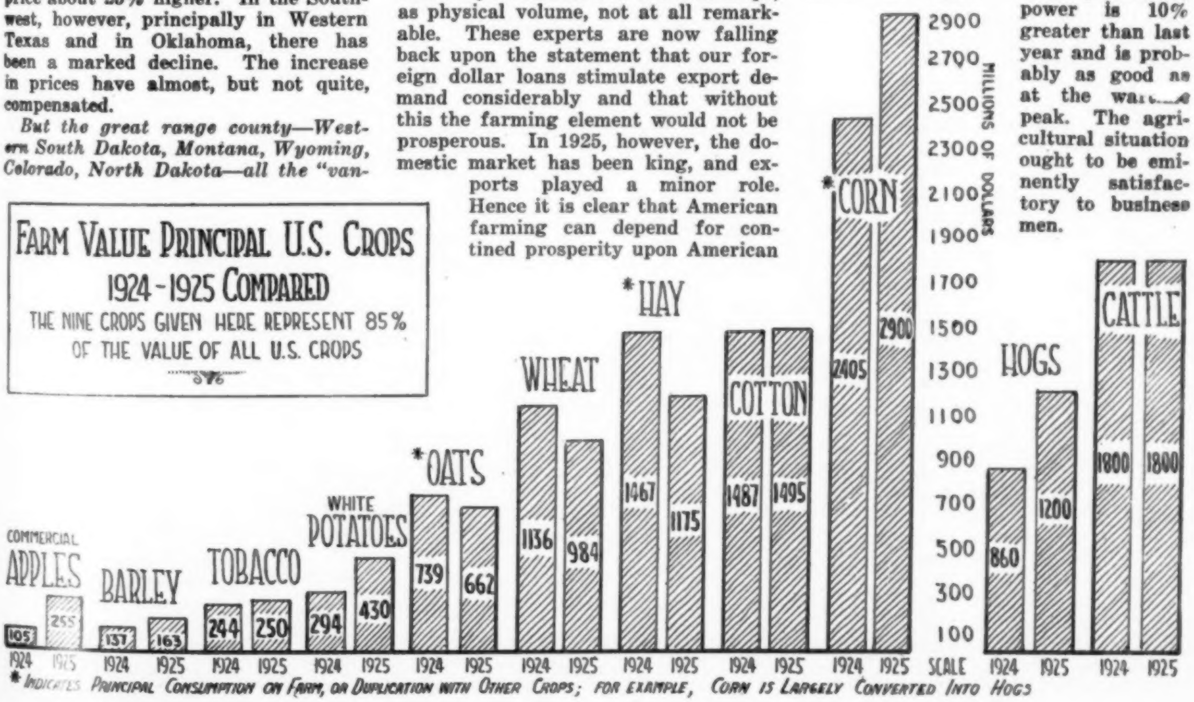
Several banking surprises have been sprung by the farmers this year. It has been noted that merchants in western farming communities, although they are doing the business, are not appealing to the banks for as much credit as was the case for the last few years. The great speed with which stocks have been depleted owing to the extensive and early purchases by the farmers has resulted in the merchants having ample funds with which to finance orders from the wholesalers. Not in many years has so agreeable an indication of merchandising strength been shown in the rural districts.

Another consequence of the prosperity of last year being continued into this has been an exceptionally early ginning season in cotton. Volume of ginnings is running at double the rate of last year. Naturally a smaller drain is imposed upon the country for moving the cotton crop.

It is a plausible theory that this lesser financing of crop movements and of merchandise back to the farmers is the true reason for the abundance of money to loan against stock exchange speculation.

### *Conclusion*

Two years in succession of large cash receipts by farmers have made prosperity a certainty for a good period. American agriculture is firmly based on American consumption capacity. Rural districts are diminishing their credit obligations to the cities and increasing purchases of merchandise from the cities. Their purchasing power is 10% greater than last year and is probably as good as at the wartime peak. The agricultural situation ought to be eminently satisfactory to business men.



* INDICATES PRINCIPAL CONSUMPTION ON FARM, OR DUPLICATION WITH OTHER CROPS; FOR EXAMPLE, CORN IS LARGELY CONVERTED INTO HOGS

## An Inside Picture of the Inter-Allied Debt Situation:

# Are We Preparing to Give Away Seventeen and One-half Billions of Our Money?

### How Settlement of Inter-Allied Debts Will Affect American Business

**By the Washington Correspondent of The Magazine of Wall Street**

WHEN the Belgians went home the other day with a discount of almost 50% in their war debt to the United States, it was distinctly noticeable that others of Uncle Sam's war debtors began to take something like lively interest in the colossal debts they had ignored, except for graceful gestures, ever since the war was over.

Soon after this article is in print M. Caillaux, the astute French Minister of Finance, and an able staff of experts and negotiators, representing all important sections of French political affiliation, will arrive in Washington for the purpose of "adjusting" the French debt.

Count Volpi and his Italian negotiators are due to arrive at the "World Capital" soon after the French.

Soon will follow the Roumanians and, it is hoped, all the rest of the line of international debtors who borrowed so freely in those enchanted days when diplomats went penniless into Secretary McAdoo's office and issued inside of the five-minute appointment with hundreds of millions of the then only good money in the world.

No doubt is entertained in Washington that all the remaining debtors are coming in the hope that adjustment and funding mean a degree of cancellation. Every one of the debtors has taken hope from the recent composition of the Belgian debt. All hold that it is a measure of cancellation, and that the United States has at last departed from the cold and rigid way of dollar-for-dollar and has recognized moral claims as being a fair offset for material obligations.

Of course, there are many apologies for and explanations of how the Belgians made such a killing in view of the advance press notice from Washington picturing the stern and inexorable front our World War Foreign Debt Commission had ready for them. Apologies may be ample and explanation sound. The Belgian settlement may have been both just to us and tender for the Belgians. Probably it was. But these cold facts remain:

*I. The total was reduced from $727,000,000 to $417,000,000.*

*II. The factor of moral obligations on the part of the United States was recognized as offsetting material obligations on the part of Belgium.*

France, Italy, Roumania, Jugoslavia, on perceiving these facts, immediately became profoundly interested in funding their debts, and all four of them suddenly pulled funding negotiations out of the dim and distant future and brought them down to the pressing present. If 50% discounts and moral obligations were popular with our Debt Commission they concluded that action while the mood was on and before Congress assembled with a wet blanket was imperative.

The French became insistent for a prompt "just" settlement, and the Italians laid great emphasis on a settlement based on "capacity to pay." Both took great encouragement from the moral obligation factor of the Belgian settlement. The Italians pointed out that in proportion to population Belgian was an opulent nation compared with Italy, and the old French idea of offsetting financial costs by man-power costs was promptly pushed into the spotlight as an incontestable moral factor. Simultaneously the underground word went out from Washington that the American Treasury policy was actually one of disguised, partial cancellation of the war debts, based on considerations of the capacity of the debtors to pay.

About the same time France and England came to substantially this agreement regarding the war debt of France to England: England would let France off with a payment of 2% interest per annum for a period of years and forgive the principal in its entirety if France could get equally generous terms in other quarters—there being no "other quarters" except the U. S.

It is, therefore, reasonably certain that notwithstanding all informal warnings to the French that the Belgium settlement is no precedent for them or any other debtor nation, and that the United States will ignore the Franco-British settlement with a string to it, the French will come all set to extract from our Debt Commission something approximating the British proposition to them. At the very least they expect to get as good a deal as the Belgians got. Whereas, the Belgians got the chief share of their debt remission on the ground that sums borrowed before the armistice were entitled to special consideration because of President Wilson's agreement that they should be extracted from German reparations, the French will urge that their pre-armistice advances are entitled to be scaled down for another

> *THE general impression is that none of our tardy European debtors ever had any lively intention of repaying the huge sums they borrowed from us during the war when we so gladly gave till it hurt in the Liberty Loan drives. They hoped we would formally forgive, or simply forget, without mentioning their debts, just as Britain did with the allies she financed for the overthrowing of Napoleon. Nothing in the world has ever brought them up to settlement except notice that this government would frown upon any further private financing of the allies in the United States until the debts were funded. That notice was inexorable. It enforced settlement. "We are here, Washington," they announce, but there is no such eager gratitude in their tone as there was in Pershing's "Lafayette, we are here."*

moral reason, viz., that every cent of the $2,000,000,000 (and interest thereon since) they received while the guns were still booming were spent just as much for us as for them. Without our financing they could not have carried on, for lack of war material; and if they had not held the fort for a year after the United States entered the war the struggle would have become almost solely one between America and Germany, which might have lasted indefinitely with no assurance of American victory.

In other words, the French hold that the United States was fighting solely with dollars in lieu of soldiers until the spring of 1918, and largely with dollars, instead of men, right up to the armistice. During that period it sent money rather than men to its own war. That money was in the form of "loans," but in equity, they say, it was an American military charge.

If the French contention should prevail more than half of France's now accumulated debt of $4,500,000,000 would be wiped out.

If the Italians, urging incapacity to pay their more than $2,000,000,000, and also chiming in on the French argument of men as an offset for dollars, should also have their way—and they certainly will have it if the French put their contention over—the principal of the debts of the two countries would be reduced, on a 50% scaling down basis, from about $7,000,000,000 to $3,500,000,000.

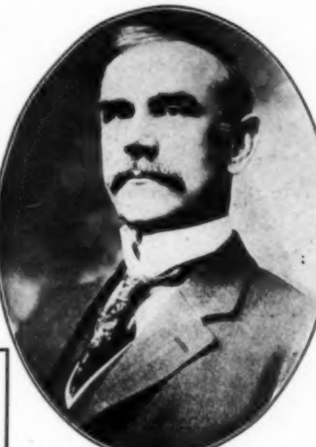
This means that American taxpayers will eventually have to make up this latter sum, as well as interest on it, so long as Liberty bonds or their refunding substitutes are out. At present our taxpayers are paying interest at pretty close to 4% on this sum, and they will have to pay that rate until the Liberties are callable and subject to refunding—in 1933. Roughly, it may be assumed that until 1933, a 50% cancellation of the French and Italian debts will cost them $140,000,000 a year. After that the interest cost may possibly be reduced to a 3% a year, or $105,000,000 a year. Added to this will be the eventual payment by our taxpayers of the principal of the remitted portion of the debts. All the minor debtors, barring the two or three such settlements already made, will be entitled to something "just as good."

As the Belgians already have what amounts to approximately a 50% composition, it may be said that the American people would then have to absorb half the total of the Allies' debts to the United States, less the British, plus interest so long as any of our own war bonds are outstanding.

Fifty per cent concellation, under whatever pretty name, will cost us not less than $17,500,000,000—almost as much as the principal of our entire national debt at present—assuming that it will take fifty years to pay off our war debts.

This is a burden that American business must sustain. It will involve sapping drains on every economic process in the United States. Billions of wealth will be diverted from production, and every man, woman and child will suffer through additional taxation or increased prices, or both.

However, notwithstanding the suspected willingness of the Treasury Department to settle on a 50% basis, the various debt missions that are now en route to the United States for the long-delayed show-down, may find that they are up against a hard-faced creditor. A majority of the members of our War Loan Commission are members of Congress, and the Belgian as well as all subsequent agreements must go to that body for ratification. They know that Congress will be hard to handle with propositions that inevitably throw back upon the American people an enormous debt burden, which they were solemnly promised would be shouldered by the Allies in those fervid days of Liberty loan drives.



*U. S. Senator Reed Smoot, member of the Debt Commission, and extremely influential in financial circles of the Government, who gives in this article his views on the important inter-allied debt situation.*

"It is ridiculously absurd," said Senator Reed Smoot, a member of the Debt Commission, to the writer, "to characterize the Belgian settlement as indicating that the United States has arrived at a policy of percentage cancellation in dealing with the inter-allied war debts. The remission of all interest on the Belgian pre-armistice debt is in no sense a cancellation. All of the Allies have recognized that those pre-war advances were on a totally different basis from obligations between themselves. So far as we are concerned they were more in the nature of subsequent donations that this nation made to other war-stricken peoples on humanitarian grounds than advances for war purposes. The Belgians had plausible ground for their contention that these advances were liquidated by the Versailles treaty of peace. The fact that we did not subscribe to that treaty did not relieve us from a strong moral obligation to consider them in a class apart. In lieu of the possible partial repayment the French and British may get of their $800,000,000 similar advances to Belgium, through reparations settlements, we accept the payment of the principal and forego interest. That is not cancellation, but simply a reasonable settlement of a disputed point.

"Moreover, no parallel or analogy can be set up between this phase of the Belgian settlement and any aspect of the still unfunded debts of other nations to us.

"It is my belief that arrangements will be concluded with France and Italy before Congress convenes in December, and that the whole vexed question of the inter-allied war debts will be disposed of at an early date through ratification by Congress of the settlements the Commission will make. The results will be universally beneficial.

"There is no basis for intimations that the Commission has adopted a modified measure of cancellation in adjusting these international debts. If there had not been acknowledged room for negotiation over the terms of final adjustments Congress would never have created this Commission, but would simply have served notice on the various debtor nations to meet their demand notes. Long terms of payment and low interest rates are not cancellation.

"Moreover, no promises are being made that debt settlements are the door to private loans. The Anglo-French tentative settlement will be ignored as precedent or example."

And yet Senator Smoot and his associates may have to choose between a costly compromise and still costlier repudiation. The debtors may say that facts are facts, and that if they can not pay more than a certain sum and yet are required to pay more, they must take the stand of the citizen who resigns himself to bankruptcy. But with this difference: In the case of the debtor nations there can be no realization on assets.

If it comes to the worst, and the foreign debt commissions all go home with big credits against their debits, Americans will have to seek consolation in the hope that there will be counter benefits in the renewed prosperity of a world that will at last have put its financial house in order.

There may be further consolation in the possibility that even if the debts had been approved and funded in full, their payment might not have been physically possible, and if so economically disastrous to all.

The pending negotiations may not give us what we want, but whether they do or not, we may get something that we don't want after all. With us the international debts bid fair to work out: "Tails you win, heads we lose."

Obviously, the forthcoming French and Italian debt negotiations, as well as those with the more minor nationalities, represent situations which American business men and investors ought to follow closely, for the results will hit them in the pocketbook, where they are most vulnerable.

# Bargain-Hunting Not Thrilling But—Immensely Profitable

## *Some Current Examples of Bargains*

**By BENJAMIN GRAHAM**

***The primary object of this article is to illustrate the different types of bargain opportunities and how to determine that which makes a bargain in securities. The examples given are not intended to supply a complete list of current opportunities but rather to illustrate the main varieties of the genus Bargain. Although bargain-hunting may not offer the hectic excitement which attaches to the more speculative Wall Street operations, it is not without its pecular form of mental thrill—and financial reward for those who take the trouble.***

A BARGAIN is something which can be bought well below its ascertained value. The conception of bargain involves essentially a comparison of the current price with a *definite* value—i. e. one not chiefly speculative or anticipatory. To recite a homely example: The housewife who buys Uneeda Biscuits at 4 cents per box considers justly that she has found a bargain, because the price is lower than the accepted value of the article. On the other hand, those who are amassing fortunes in Florida real estate transactions may be alert and keen, but they clearly are not dealing in bargains.

This distinction is especially important in Wall Street. Buying bargains is undoubtedly a safe and satisfactory way to make money in the market; but it is by no means the only way—and it may not be the best way. Quicker and larger profits are often made either by adroitly swimming with the tide of popular favor, or by shrewdly anticipating future industrial developments. The former type of opportunity has recently been illustrated by the Public Utility stocks, the latter by the Electrical Refrigeration issues. Although these shares have yielded such handsome profits, at no time could they have been characterized as bargains, for *the essence of a bargain is the price.* But in the purchase of these issues the price has played a very minor role. They are to be bought at one *time* and sold at another *time;* not cheap at one *price* and dear at another *price.*

The bargain-hunter keeps his nose to the grindstone of established facts. He analyzes recent balance-sheets and past income accounts. His idea of the future is obtained chiefly by averaging the past. He holds aloof from the hue and cry of the market; popularity means little to him for he generally buys the unpopular. He is a plodder—unimaginative and perhaps shortsighted; *but he averages an excellent return on his capital and sleeps well at night.*

Bargain opportunities are rarely, if ever, undisputable and obvious. We cannot expect to find issues which are exceptionally attractive from every point of view, including their price. Most bargains exist both *because* and *in spite* of some unfavorable feature, which upon analysis is found to be (a) imaginary; or (b) over emphasized; or (c) important, but far outweighed by elements of strength. Let us hasten, however, to concrete illustrations.

*BARGAINS IN SENIOR SECURITIES* In general there are two types of bargain opportunities in bonds or preferred stocks. The first is afforded by sound issues yielding an adequate return, and which also possess special features in the form of conversion or participation privileges. In such instances the buyer is getting a valuable right without paying for it. As a recent example we may mention the International Telephone & Telegraph 5½'s, convertible into stock at 125 after next April, which were offered at 99. The large margin shown above interest requirements made this issue reasonably attractive merely for the income yield of 5.58%. Hence, the price included no charge for the ten-year privilege of conversion into stock of this rapidly growing enterprise, at a figure below its recent quotation. This issue was therefore one of the rather rare instances of a bond offered to the public at a price clearly below its comparative value.

Bargains of the other type are presented by issues returning too high a yield in comparison with the security afforded. Sometimes such discrepancies arise through pure neglect, but they are usually due to the public's failure to appraise the facts correctly. In other words, it is the familiar story of undue weight being attached to unfavorable factors, which in reality are unimportant. Take the case of Congoleum preferred, which sells at 102, yielding 6.85%. The reader will probably recall that Congoleum has not done as well this year as last, and that the common dividend has been cut and its quotation fallen more than one-half from its previous high. How then can its 7% preferred be a bargain above par? The answer is simple. There is only $1,780,000 of preferred stock outstanding which ranks ahead of 1,641,000 shares of common, now worth about $40,000,000. Here are the earning figures:

| Year | Balance for Preferred Dividend | Preferred Requirements |
|---|---|---|
| 1922 ......... | $4,893,000 | $243,000 |
| 1923 ......... | 6,863,000 | 129,000 |
| 1924 ......... | 6,388,000 | 136,000 |
| 1925 (1st half) .. | 2,777,000 | 68,000 |

Hence the shrinkage in earnings which caused all the weakness in the common stock has still left the preferred dividend covered over *forty times.* This margin is so enormous as to give the issue a much greater assurance of safety than that enjoyed by many standard preferred stocks selling ten points higher. It will undoubtedly be redeemed in due course at its call price of 107.

*THE BOND FIELD* A bond issue may be a bargain even in face of poor earnings if the asset values are so large that the junior security holders could not conceivably permit default. When Pierce Oil was recapitalized last year by raising some 6½ million dollars of new cash through the sale of common stock, its 8% bonds were selling at 92. The issue then amounted to $1,700,000, subject to an annual sinking fund of $200,000, assuring eventual redemption at 110. The refinancing resulted in 2,500,000 shares of new common, selling in the market for $17,500,000, or ten times the amount of the bond issue.

Come what may, the bonds were bound to be taken care of eventually, because the stockholders, having just

made so large an investment, would certainly not permit the holders of so small a claim to take possession of the property. The realization of this state of affairs has since raised the price of the bonds to 106—even though Pierce stock has declined.

At the present time a somewhat similar situation appears in Superior Oil 7s, due 1929, selling at 92, and so yielding 9½%. Of the original one million dollar issue, there is now only $714,000 outstanding, of which $200,000 must also be redeemed each year. The bonds are followed by 1,091,000 shares of stock, with a market value of some $3,200,000. The bonds are more than covered by net current assets, while the producing properties are carried at six times the issue. The steady losses reported by this company are due to very heavy depreciation and depletion charges. In 1924, for example, the company showed a profit of $826,000 before these charges—an amount exceeding the total bond issue. There is a distinct chance of a substantial payment being received from Atlantic Refining in consequence of a $3,500,000 verdict won by Superior Oil in a damage suit. The logical use of any such funds would be the redemption of the small bond issue at 105. But apart from this possibility—by no means remote—the assets are undoubtedly worth so much more than the $714,000 of bonds, that the latter appear certain to be taken care of in any contingency.

*CUDAHY PACKING* The simplest form of bargain opportunity is created by improvement in value not yet reflected in price. Such instances, while always difficult to find at the height of a bull market, are especially rare at this moment. For the protracted upswing, having a relatively restricted industrial improvement as its basis, has left few genuinely favorable situations unexploited. One of these would seem to be Cudahy Packing, selling at par on the New York Stock Exchange, and paying $7 per share. The steady recovery of this company from its post-war deflation losses is seen from the following table of earnings per share of the common stock:—

| | |
|---|---|
| 1921 ....... | Deficit $12.49 |
| 1922 ........... | + 3.78 |
| 1923 ........... | + 8.32 |
| 1924 ........... | + 16.13 |

No official figures for 1925 are available, but seemingly authoritative reports indicate an improvement over the excellent showing of last year, with prospects equally encouraging. The ratio of recent earnings to price places Cudahy in the bargain class because this percentage (16.1% for 1924) is unusually high when compared with:—

1. The average of all industrial stocks in the present market.
2. The present exhibit of other packing stocks.
3. The normal earning power required for an issue of this class.

The only weakness in Cudahy's armor lies in the relatively low average profits for, say, the past seven years. Were these figures an indication that the business is one inherently subject to wide fluctuations, then it would be hazardous to buy the stock on the basis of 1924-25 results. It is generally accepted, however, that the difficulties of the 1920-21 period were abnormal and non-recurrent, and that the packing industry is returning to the stability and steady growth which characterized it before the war. If we view Cudahy in the same light as the mail-order stocks (which experienced even severer deflation losses) it seems substantially out of line at this price.

## Various Types of Bargains

| | Recent Price | Dividend Per Share | Chief Bargain Characteristic |
|---|---|---|---|
| ***Bonds*** | | | |
| Int. Tel. & Tel. Convertible 5½s... | *99½ | | Valuable conversion privilege not reflected in price. |
| Superior Oil 1st Mortgage 7s ...... | 92 | | Small size of mortgage issue compared with total investment insures safety despite unfavorable developments. |
| ***Preferred Stocks*** | | | |
| *Congoleum Nairn*.... | 103 | $7.00 | Earned dividend 40 times in the first half of 1925 and 50 times in 1924. |
| ***Common Stocks*** | | | |
| Cudahy Packing .. | 100 | 7.00 | Earned 16.1 per cent on market price: a large rate for this class of business. |
| Con. Gas & Elec. of Baltimore ...... | 45 | 2.00 | Earnings large in themselves, and especially so as compared with other public utilities. |
| Industrial Finance .. | 13 | .... | Earnings of over 50 per cent on market price and good prospects offset poor record. |
| Northern Pipe Line. | 80 | 6.00 | Cash assets equal market price, with nominal liabilities. |
| Waldorf System ..... | 15½ | 1.25 | Despite recent slump, earnings are proportionately much larger than those of other chain enterprises. |
| Calumet & Arizona.. | 50 | 4.00 | Price entirely covered by value of New Cornelia holdings and liquid assets, leaving its great mine as a bonus. |
| Salt Creek Producers | 26 | 2.00 | Unusual physical and financial situation, assuring large earnings for many years. |

* Recent offering price

*CON. GAS & ELECTRIC OF BALTIMORE* Just what percentage of earnings on market price is required to put an issue in the bargain category must vary, of course, with the types and the times. While 16% is an attractive figure for a packing stock, it would not be conclusive if shown by an automobile issue in the first six months of 1925. For in this group the seasonal variation in earnings and the repeated ups and downs of individual companies would make a single half-year's figure a doubtful indication of established earning power. Conversely, the sweeping change in the investment position of Public Utility enterprises must receive some recognition in analyzing companies of this class, by requiring a smaller earnings ratio than in former days.

Consider Consolidated Gas & Electric of Baltimore, which in the past four quarters earned some $5.75 per share, or nearly 13% on the market price of 45. This is a much larger percentage than that shown by other utilities. American Water Works, for example, for the same period earned only $3 per share, or less than 5% on the price of 62. Not only are the Baltimore company's current earnings so satisfactory, but its average profits for the past three years—$5.50 per share—are an earnest of stability. Furthermore, it is conservatively capitalized with respect to senior obligations. The current dividend of $2 yields only 4.40%, but this should not prove a decisive factor, especially as the earnings would permit a substantial increase. Consolidated Gas of Baltimore has evidently not shared the spectacular advances of other public utility stocks. Judged from present valuation standards of such issues, it seems ridiculously low; but what is of chief importance from the standpoint of this article, its price is amply justified by any reasonable method of appraisal.

*INDUSTRIAL FINANCE* The same underlying principle is illustrated by a bargain of a very different type, namely, Industrial Finance common, selling at 13 (par $10). Here we are confronted with one very unfavorable and one very favorable feature. On the debit side we note immediately that not only has this stock never paid a dividend, but the company is even in arrears of six years on the 6% preferred stock. Against this, set the fact that earnings last year were $7.45 per share of common—over 55% on the market price. This is a situation calling for further study.

Industrial Finance is the parent organization of the Morris Plan com-

panies operating throughout the United States in the field of small loans to individuals and business. The distinguished board of directors shows that the enterprise has the best of sponsorship, as fulfilling a useful public function. At the same time, the system followed has enabled the company to transact an increasing business with a remarkably small ratio of loss. Industrial Acceptance Corporation, a subsidiary, has an exclusive contract with Studebaker Corporation to finance purchases by its dealers and customers. The financial results in earlier days were meagre—probably due to development expenses—and necessitated the withholding of preferred dividends from 1917 to 1923. In the latter year excellent profits were returned, equivalent to $4.50 per share of common. As told above, the 1924 results were even better ($7.45 per share). The last annual report anticipates another prosperous year in 1925, and intimates that the back dividends on the preferred will shortly be taken care of.

These developments make the stock appear exceedingly attractive, not only because the earnings for the last two years are in themselves so large, but equally because the company gives every evidence of being now strongly entrenched in a profitable field. The whole story can be summed up in the observation that the Morris Plan companies last year transacted a volume of business of $120,000,000, while the entire common stock issue of the parent company is selling for only $1,500,000. In a situation like this a moderate increase either in the turnover or the margin of profit has a startling effect upon the earnings of the junior shares.

The inherent difference between a bargain in the proper sense and an ordinary opportunity for profit is well illustrated by comparing Industrial Finance with the similarly named Industrial Fibre common, which has also recently sold around 13. The latter company manufactures Rayon and has begun to participate in the growth of the new industry. The earnings per share are given as follows: 1922, 25 cents; 1923, 38 cents; 1924, 36 cents; and the first half of 1925, $1.55 (annual rate). These results show encouraging recent progress, and when joined to the optimistic predictions for the future, invest the issue with no little appeal. But considered by themselves the earnings are relatively small. Hence, the purchase of Industrial Fibre must be motivated chiefly by the buyer's view of the *future;* in the case of Industrial Finance the actual results of the *recent past* afford the primary recommendation. It is enough that future prospects are not unfavorable to stamp this issue as obviously undervalued.

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*BUYING CASH ASSETS* Although earnings are rightly considered as in general more important than assets, the latter frequently play a major part in the creation of bargain opportunities. This principle is at present illustrated by an entire group of issues, namely the Standard Oil Pipe Line stocks. Perhaps the best individual example is furnished by Northern Pipe Line. This stock sells at 80, pays $6, and thus yields 7.50%. It has paid at least $6 in every year since the Standard Oil segregation in 1912, averaging over $10 annually. It has no capital liabilities ahead of its common shares. Its cash and marketable securities alone amount to $80 per share —the full market price. The total liabilities are only $12 per share, of which undoubtedly half is in the form of miscellaneous reserves.

What is wrong with this picture? The trouble lies in the recent earnings. In common with all companies of the group, Northern Pipe's business has been adversely affected by Panama Canal shipments of surplus California oil. Reported net income per share fell from $12.05 in 1922 to $7.70 in 1923 and $5.35 in 1924. On examination, however, there appears no warrant for the belief that figures for the last three years reveal a definite trend towards disappearing earnings. In fact, the statistics for oil traffic for the first half of this year already show substantial improvement, the increase in Northern Pipe's deliveries amounting to 14%. The effect of California competition is likely to wane as its flush production settles down; and there is no indication that the pipe lines are to be superseded in their established function of transporting crude from the great Mid-Continent field to the Eastern refineries.

We have here an example of the creation of a bargain situation by attaching excessive importance to an unfavorable development. With the price of Northern Pipe Line down to its cash assets, and with current earnings probably covering the liberal dividend, the stock is evidently selling well below any conservative appraisal.

Northern Pipe exemplifies a type of stock which should always exert a powerful appeal to the bargain-hunters—namely, those with no liabilities and cash assets representing the bulk of the selling price. A number of stocks of this kind were recommended in THE MAGAZINE OF WALL STREET about a year ago. To illustrate the possibilities of this type of commitment there is appended a comparison of the present quotations of this group with their prices of 1924. It is interesting to note that while these issues represented anything but speculative favorites, they have advanced on the average considerably more than the general stock market, while at the same time they could properly be regarded as carrying very slight risk of loss.

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*WALDORF SYSTEM* This stock of a chain restaurant enterprise affords another illustration of a bargain being created by an unfavorable development. The earnings of the company have fallen off recently because of an advance in food prices and the expiration of some leases. Accordingly, the price has declined from 20 to 15½. At the current quotation the $1.25 dividend yields 8%. The earnings of the first half of 1925, which have been regarded as so unsatisfactory, are nevertheless at the rate of 11% on the price. This is considerably higher than that shown by other chain store enterprises. In this period, Child's earned at the rate of less than 6%, and Shattuck at less than 5% on their market quotation. By comparison, therefore, Waldorf appears very cheap even at its present showing and especially so on its past record. Considering that the company has the advantage of strong and experienced financial sponsorship, there

## How Nine "Cash Asset Stocks" Acted
### Since Recommendation in The Magazine of Wall Street, Issue of July 19, 1924

| | Cash Assets per share | Price when Recommended July, 1924 | Recent Price | % change |
|---|---|---|---|---|
| Crescent | $15.85 | 13 | 17 | +31% |
| Crex Carpet | 16.97 | 29 | 52 | +79 |
| Cumberland Pipe | 83.90 | 128 | 153 | +20 |
| Pennok Oil | 8.08 | 15½ | *20½ | +32 |
| Shattuck-Arizona | 2.88 | 5 | 6 | +20 |
| Southern Pipe | 78.73 | 95 | 78 | −18 |
| Tonopah Mining | 1.75 | 1⅜ | 5 | +264 |
| Transue & Williams | 18.56 | 28 | 26½ | −5 |
| Wright Aero | 16.25 | 10½ | 30½ | +190 |
| *Average Advance* | | | | +68% |
| Standard Statistics Aver. 231 Stocks | | 104.7 | 130.1 | +24% |

*Allowing for recapitalization.

would seem to be no reason for pessimism with respect to its future.

*CALUMET & ARIZONA* Sometimes an issue possesses bargain qualities for a reason not readily apparent in a quick scrutiny of either the income account or the balance-sheet. Take Calumet & Arizona for example, a copper stock selling at 51. Here the chief factor is the company's control of New Cornelia, a porphyry mine with possibilities of large production at low cost.

New Cornelia sells at 20, and since Calumet & Arizona holds 1.9 shares of this subsidiary for each share of its own, it is evident that $38 of the price of Calumet is represented by the market value of its holdings in New Cornelia. Furthermore, the other investments and net current assets of Calumet & Arizona are worth over $12 per share. Hence, only $1 per share, or $650,000, is left as the market valuation of Calumet & Arizona's mine and equipment, which can produce 70 million pounds per annum and which even in 1924 earned nearly $1,000,000 net, before depreciation. The Calumet & Arizona mines have not only a wonderful record, but a promising future besides; and the present price of the stock means that the purchaser is getting this great property virtually thrown in as a bonus with an investment in New Cornelia at $20 per share. Incidentally, the stock pays $4 dividends with a yield of nearly 8%.

*SALT CREEK PRODUCERS* This stock sells on the Curb at 26, pays $2.50, and yields over 9%. Here is an oil issue which is a bargain because it is not making the most of its possibilities. Most companies owning acreage in a valuable field exploit their holdings as rapidly as possible, partly for the sake of quick profits, but chiefly for protection against drainage by competitors. This company and its companion, Mountain Producers, completely control the heart of the remarkable Salt Creek field in Wyoming. Its acreage is being developed by a Standard Oil of Indiana subsidiary, from the primary standpoint of securing a supply of oil for years to come. Hence, the property is being drilled up very gradually, and actual production has been held well below the potential figure. Although a prolific deep sand was discovered some time ago, no real attempt has been made to exploit what are certain to be tremendously valuable additional resources.

Despite its carefully restricted production, Salt Creek Producers earned well over $4 per share in each of the last two years. It has over 17 million dollars (or $11 per share) of net current assets, more than half in cash and Liberty bonds. The stock appears exceptionally attractive, first because it has demonstrated its ability to show good returns, under favorable conditions, and secondly, because its future is assured from both the financial and the operating standpoint.

# Butterick Dividend Policy From The Shareholders' Viewpoint

At the last annual statement of the Butterick Co. President G. W. Wilder made the following explanation of why no dividends have yet been declared:

"In developing our business, we formed the 'Butterick Seven Reading Club' at a cost of $597,000. . . . Finally a change in methods of handling accounts in some of the larger cities required a cash layout of close to $400,000. All of these items required a total of $4,016,000 for which we have found the cash out of earnings and loans. This is why we have not paid dividends."

There is no reason to dispute the sincerity of President Wilder in offering this explanation as a reason why dividends have not been forthcoming. But there is another side to this story. Where does the shareholder in Butterick come off?

### *Cost of Holding the Stock*

Since 1916, the shareholder has received no dividends whatever. In that period and including 1925, it has cost the 1916 purchaser of Butterick stock, assuming the stock is still held, the trivial amount of almost 50% in interest compounded at 6%, for the pleasure of retaining the stock. In addition ought to be figured the amount he has lost by not receiving dividends which, figured at an average return of 7% on industrial common stocks, would bring the total charge to above 100%. This, furthermore, does not include any paper losses he may have incurred in his stock. Had the investor purchased another issue returning 7% during this period, he would obviously have done much better.

Let us now examine the surplus account. At the end of 1924, this item stood at practically 4.3 millions, having gained each year. At the end of 1918, it amounted to only a trifle over 2.3 millions. Yet, during the last five years, bank loans have risen from 0.2 to 1.2 millions. It is clear that explanations in addition to those given are in order. A few questions are suggested:

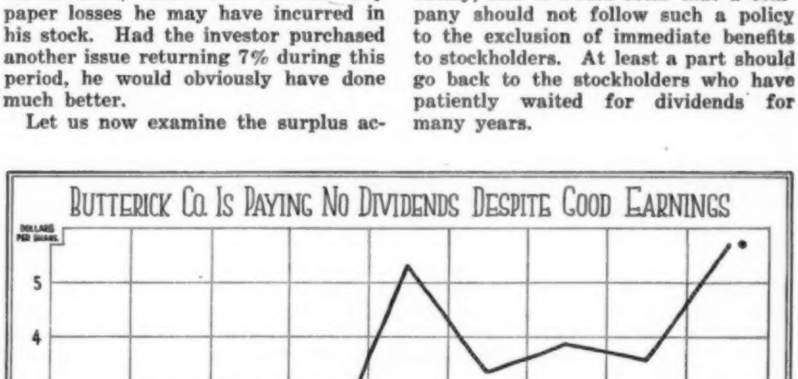
(1) *Why was it that at the end of 1921, when reported earnings amounted to $5.23 a share and bank loans were down to $200,000 no dividend was declared?*

(2) *Why have no dividends been declared though average earnings from 1916-1924 were $2.74 a share?*

(3) *Why has no dividend been declared though the excellent earnings of $2.81 a share were reported by the company for the first half of 1925?*

After all, nine years of waiting for dividends is enough to make any stockholder ask questions, particularly when he has watched his company report a profit year after year sufficiently large, on face at least, to have justified payment of a dividend.

While a conservative management is commendable and while it frequently becomes essential that earnings of a company be put back into the business for important business reasons such as the building up of reserves, extension of plants, reaching out for new customers, etc., all of which require a cash outlay, still it would seem that a company should not follow such a policy to the exclusion of immediate benefits to stockholders. At least a part should go back to the stockholders who have patiently waited for dividends for many years.



# 4% Interest on Savings Banks Deposits May Be Cut Unless—

## Savings Banks Have a Broader Field in Which to Invest

By J. M. HEAD

THE restricted list of securities in which savings banks in New York and many of the other states are permitted to invest,—generally designated "Legals"—is making it increasingly difficult for these banks to find a remunerative field in which to place their funds. As these funds are largely deposits it naturally follows that the rate of interest which such banks allow depositors, on the latter's money, may be affected.

Victor A. Lersner
Vice-president
Bowery Savings Bank.

*These two savings bank officials represent the growing class of progressive executives who favor action which would permit savings banks to invest in public utility and other securities which, while perfectly sound, are not yet accorded "legal" status for savings banks in most of the States of the Union.*

John J. Pulleyn
President Emigrant Industrial Savings Bank.

The ability of banks which generally pay 4% on savings deposits to make such payments is dependent on the earnings of the money which these banks loan or invest. Unless the investment returns should exceed 4% banks would operate at a loss. Instances are by no means lacking where investments in particular securities already yield less than this rate, and many of the savings institutions are concerned over their future earning ability.

Savings banks in New York are permitted by law to invest only in government, state, municipal and certain railroad bonds, and in real estate mortgages, promissory notes, Federal Land Bank bonds and bankers' acceptances. In railroad bonds, the supply available for investment has been contracted, rather than expanded, by reason of the fact that the bonds of a number of the roads once "legals" have fallen out of that class, because of the poor earning power of the roads. A number of these roads actually have defaulted on some of their bonds.

There are many bonds which individuals and institutions other than savings banks regard as perfectly safe, yielding much better than 4%, meeting every test of a good security, which are barred to savings banks, because of statutory prohibitions or restrictions. On the other hand, there are railroad securities still "legal," in which the banks, for their own safety, will not invest.

One class of securities not legal for savings investment is equipment trust certificates and yet these certificates are rated by expert investment analysts as being gilt-edged—better perhaps in point of security than anything except United States or state bonds, and undoubtedly better than many of the mortgage bonds of the roads executing the trust for the equipment.

But by far the most important securities barred to savings banks are bonds of public utility corporations. Outside of some of the New England States and Maryland, public utility bonds cannot be bought for investment by these banks.

In New York and most other states it is not a question of the safety of the security. Banks simply cannot invest in them because they are not specifically included in the savings bank laws as proper for investment.

It is difficult to find any opposition in principle to the requests of savings banks for relief. Among the banks themselves the opinion is almost unanimous that bonds of public utility companies whose earning power, record of dividends on stocks, security behind its bonds, etc., meet the required test, should be added to the list of "legals."

The need of a broader field for savings bank investments was strongly voiced by John J. Pulleyn, president of the Emigrant Industrial Savings Bank, New York, who declared that the rate of interest which this class of banks paid to depositors might be affected unless there were a speedy remedy. The Emigrant is probably the largest savings bank in the country, having deposits of over $250,000,000.

"If we are to continue to pay 4% to our depositors," the banker declared, "we must have a broad field in which to buy legal securities. The present supply of available, good-yielding, high-grade bonds which we are permitted to buy is smaller than in other years. Bonds of a number of railroads have been eliminated as good securities—among them St. Paul, Rock Island, New Haven. The margin for safety for many other railroad bonds is so narrow that we do not care to invest even though we might legally do so.

"It has been a problem growing more difficult each year," continued Mr. Pulleyn, "to find places where we can legally invest our available money supply. It seems an anomaly that there are securities perfectly legal, which we would not, for our own safety, buy, while other bonds, safe as governments, are barred to us by an out-of-date law.

"Savings banks are growing all the time and every dollar of added deposits means a harder search to keep these deposits at work earning money. Many 'legals' actually yield less than 4%, but we are forced to buy them or let our money remain idle. With a smaller yield, depositors naturally are going to get smaller dividends unless something is done. That 'something,' the remedy in this case, it seems to me, is to change our banking law to permit savings banks to buy other high-grade securities. Especially would I favor, because of their strength and comparative high yield, certain public utility bonds. If we exclude government bonds there probably are no other securities offered today that are any sounder than some gas, electric light and power companies' mortgage bonds. Tested by any rule for judging securities they measure up to the requirements. But they are not legal for us in New York because the banking law doesn't say they are.

"The law has not kept pace with developments in securities. It may have been all right when passed but things have changed. Railroads have passed through periods of depression, losses, bankruptcy, reorganization and their securities as a class are not regarded as they once were. Meantime we have seen the public utility grow from the experimental stage, take on strength,

establish a fixed earning power until today the discriminating bond buyer will invest as quickly in securities of these corporations as in government, state or other officially approved bonds.

"Only the bank is kept from buying. A good, safe investment field is closed to it, and the bank and its depositors, who share mutually with it, are the losers.

"There is no reason why public utility bonds should not be made 'legals,' but there are two strong reasons why they should. One is that this would enlarge an already restricted field and the other is that it may enable banks to pay more to depositors or, at least, refrain from reducing present interest rates paid to them."

Victor A. Lersner, vice-president of the Bowery Savings Bank, one of New York's famous old banking institutions, is even more severe in his condemnation of the present restrictions on savings bank investments. He was president of the Savings Banks Association of the State of New York at the time when a bill was drafted to enlarge the class of "legals" and was active in advocating it.

"It is ridiculous," Mr. Lersner exclaimed, when asked for his views, "to have an antiquated law that permits investing in certain classes of securities and bars others that are equally good or even better. New England has gone ahead. So has Maryland. But New York still clings to statutes passed when public utilities were almost unheard of. There is no elasticity in the law. Certain securities are permitted to us because the law says so; certain others are not legal because the law doesn't say they are. The whole savings bank law which creates 'legals' needs to be revised, not only with reference to public utilities, but also pertaining to bonds of municipalities, of certain population, and of counties outside of New York state and not contiguous to New York.

"Can anyone advance a good reason why we should not be allowed to invest in the securities of counties in other states, such, for instance as Cook County in which Chicago is located? Can anyone say why a flourishing, prosperous municipality with assessed valuation ample to cover its bonded indebtedness should find its securities unsalable to savings banks looking for investments, because the municipality does not have a population of 45,000 or more?"

New York's banking law has been amended at times to suit changed conditions. After the war, amendments were made which waived the provisions of the law requiring railroads to have paid at least 4% annually for at least five consecutive years, in order that their bonds should be "legals." This held bonds of such roads as the St. Paul and Baltimore and Ohio, both of which has passed dividends, on the legal list. Since then, of course, St. Paul bonds have ceased to meet the required test, but Baltimore and Ohio securities are once more highly regarded.

The bill in which Mr. Lersner and the Savings Bank Association of the State of New York were interested was an amendment to the law, which provided that savings banks could invest in bonds of any corporation organized under Federal or state laws and authorized to engage in the "business of supplying electrical energy or artificial gas or both, for light, heat, power and other purposes, or authorized to engage or engaging in the business of furnishing telephone, telegraph, or telephone and telegraph service, in the United States." Because of failure of one group of banks in the association to indorse the bill unanimously, it was not introduced. However, a bill similar in nature is now being sponsored.

In a discussion of the report of the committee which had in charge the plan for broadening the field of "legals," James H. Manning, chairman, gave the following figures on public utilities, at the last annual convention of the Savings Banks Association of the State of New York:—

Fifty-eight per cent of the population of the United States is dependent on electric utilities for necessities of domestic and commercial use. Forty-four states report 5,600 electric central stations supplying 9,689,600 homes, 1,896,000 stores and offices and 429,500 industrial establishments, with electrical energy service.

The 1919 Census of Manufactures in the United States gives the capital of the public utility group as $17,000,000,000 out of a total of $44,500,000,000. With the exception of the railroads and the textile and the iron and steel industry, investment in electric light and power groups is the largest in the country.

The amount available annually for fixed charges, dividends and surplus is greater in public utilities than in comparable railroads and industrials. Eighteen electric light and power companies, whose securities would qualify under the proposed amendment to the banking law earned interest charges 3.39 times in 1923, compared with 2.84 times for 12 Class One railroads whose securities are legal investments.

The yield of utility bonds is substantially higher than comparable railroad bonds. Recent comparisons show an investment yield of 5.34% for utilities and 4.86% for railroads.

Apparently there is no real objection to the bill. I was not able to find any one who would advance a reason why such an amendment to the savings bank law as embodied in the bill should not be passed. Some of the banks, it appeared, had resented what they thought was unusual activity on the part of some of the utility companies and this was advanced as a reason why they had not supported the bill, an objection which seemed based upon offended pride rather than business reasons.

It is certain that the demand from savings banks everywhere is general, if not absolutely unanimous, for a broadening of the possible investment field. If New York takes the lead other states may be expected to follow.

## The Deadly Parallel

### WHAT "LEGAL" RAILROAD BONDS YIELD

| | Price | Approximate Current Yield Per cent |
|---|---|---|
| Atchison Gen. 4s, 1995 | 89¾ | 4.44 |
| Atl. Coast Line Cons. Mtge. 4s, 1952 | 92 | 4.34 |
| Central R. R. of N. J., Gen. Mtge. 5s, 1987 | 107 | 4.67 |
| Chicago, Burlington & Quincy Gen. Mtge. 4s, 1958 | 90 | 4.44 |
| Gt. North'n Ry. Co. 1st & Ref. 4¼s, 1961 | 90 | 4.72 |
| Illinois Central 1st Mtge. 4s, 1951 | 93¾ | 4.25 |
| Lehigh Valley 1st Mtge. 4s, 1948 | 92 | 4.34 |
| Louisville & Nashville 1st Mtge. 5s, 1937 | 103 | 4.85 |
| Michigan Central 1st Mtge. 3½s, 1952 | 85½ | 4.06 |
| Norfolk & West'n 1st Cons. Mtge. 4s, 1996 | 90⅛ | 4.44 |
| Pa. Ry. Cons. Mtge. 4s, 1948 | 91¼ | 4.39 |
| So. Pacific 1st ref. Mtge. 4s, 1955 | 88¾ | 4.49 |
| | Average | 4.45 |

### WHAT HIGH GRADE PUBLIC UTILITY BONDS YIELD

| | Price | Approximate Current Yield Per cent |
|---|---|---|
| Carolina Power & Lt. 1st Mtge. 5s, 1938 | 100 | 5.00 |
| Central Ill. 1st & Ref. 5s, 1943 | 99 | 5.05 |
| Ogden Gas Co. 1st Mtge. 5s, 1945 | 99 | 5.05 |
| Great Western Power 1st Mtge. 5s, 1946 | 99 | 5.05 |
| No. N. Y. Utilities 1st & Ref. 5s, 1963 | 101 | 4.94 |
| Denv. Gas & Elec. Gen. 5s (now 1sts), 1949 | 100 | 4.94 |
| Bell Tel. of Pa. 1st & Ref. 5s | 103 | 4.85 |
| Kansas City Power & Light 1st Mtge. "A" 5s, 1952 | 101 | 4.95 |
| Union Elec. Lt. & Power (Mo.) General "A" 5s, 1954 | 101 | 4.95 |
| Cleveland Elec. Illum. 1st Mtge. 5s, 1939 | 103 | 4.85 |
| Pa. Water & Power 1st s. f. 5s, 1940 | 102 | 4.90 |
| Commonwealth Edison 1st Mtge. Coll. "B" 5s, 1954 | 101 | 4.95 |
| | Average | 4.96 |


# NEW AERIAL AGE REVOLUTIONIZING

## Article III Effect of Aviation on

BY

WHAT will be the effects of aeronautical development upon the industrial, commercial and social life of the United States? Will the airplane, or the lighter-than-air dirigible, eventually crowd out the railroad train, the steamship and the automobile? Will the time eventually come when all or practically all transportation be done via the air?

Let us be done with cant. Let us leave to romanticists those thrilling picturizations of the time when the atmosphere above these United States will be thronged with jostling air fleets and all the world will move entirely on wings. That time will come some day, but it is a matter of the distant future. The function of the student of economic and financial conditions is to accurately portray and interpret current development, and point out the *reasonable probabilities of the future. The reasonable probabilities of the aeronautical situation are not that this country will take to wings overnight. Nor even in the immediate future, though it is evident the industry is on the verge of important developments.*

### *What is Happening*

In the first of this series of articles, the writer summarized the progress abroad which has been registered in aviation. The second article showed that developments in the United States to date are far behind those of leading foreign nations such as France, England, Italy and Germany.

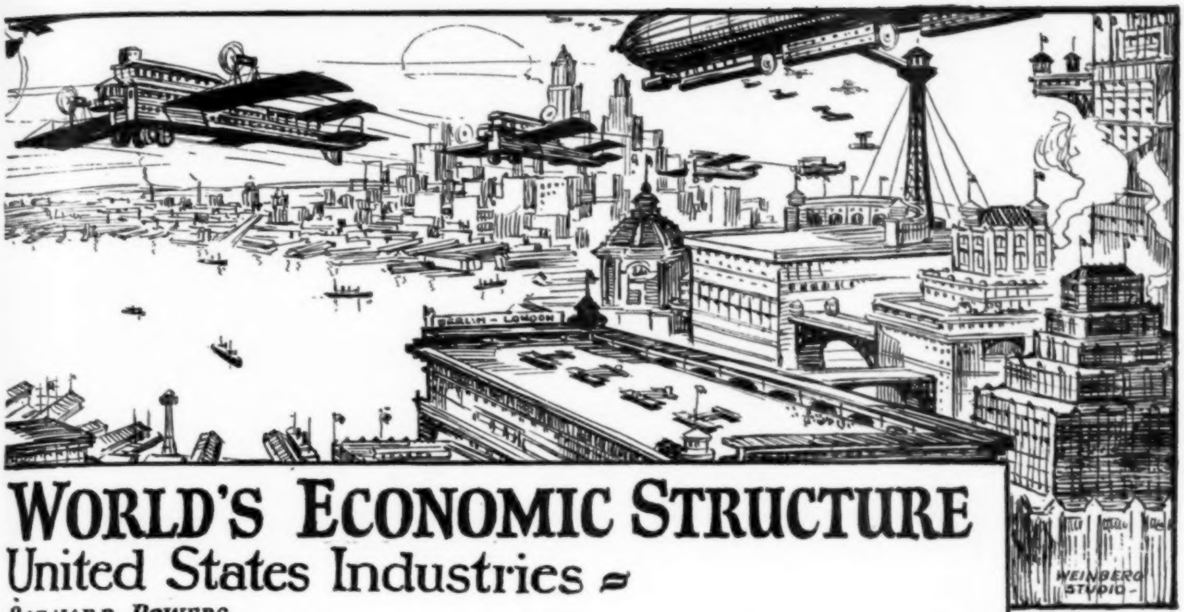
The main reasons for our slowness in developing our air industry are, first, the fact that we are not urged on by the fear which all European nations feel, and secondly and consequently, our Government has not promoted aviation as have foreign governments.

The fundamental and important fact should not be overlooked that the air industry abroad, though nominally operating on a commercial basis, outside of the armies and navies, is *fundamentally militaristic.*

Testifying before a Select Committee of Inquiry of the House of Representatives last January, C. M. Keys, president of the Curtiss Aeroplane & Motor Company and a recognized authority on aviation, reported an interview with the French Minister of War in 1919 while Mr. Keys was representing the United States Government in Europe. Mr. Keys said:

> "He showed me a map of France in which they had laid out, and the military service had laid out, airways from eastern France through the North Sea, to the border—in fact to the Mediterranean; and they were going to establish those military routes, first by military pilots flying those routes day by day in all kinds of weather, and those military pilots were going to fly war machines, some of them bombers of the more modern type, but at that time converted into commercial machines. So that commerce would begin to move along those routes and the machines would be piloted by those army pilots, and step by step it would advance, and ultimately it would result in those routes becoming self-supporting, and a great asset to the Government, and of some use to the Government as a commercial proposition. That idea stuck in my head ever since as a model way to work out airways. You have got to start some way, and starting

*"A developed American air industry will mean labor. It will mean an increased demand for the highest an increased demand for a multitude of products: etc. It will increase real estate values by bringing In fact, it will have some effect direct or indirect upon*




# WORLD'S ECONOMIC STRUCTURE
## United States Industries

*BARNARD POWERS*

in that way, there should be the ultimate view that some day this thing should be self-supporting."

### *A Record of Failure*

The terrible hash we made of airplane production during the war has been reported too many times during the last few years to need repetition here. Attempts by private companies to develop the industry since the war have generally speaking, been one long record of failure. The fact that the Government is the only important buyer of airplanes and also the fact that in buying planes the Government has stipulated that it should have the right to the use of patents and designs, slowly throttled the industry until it was close to the expiration point. A manufacturer—as often happened—would spend, say, $200,000 to perfect a new type of machine with an improved motor and would sell it to the Government. When the Government called for bids on additional machines, a competing manufacturer would have the right to use the original designs and improvements but would bear *no cost of the original development expense.* Moreover no manufacturer could count on any continuity of business. A plant, for instance, would have orders on hand today for, say, five machines, and in sixty days no business on hand. The system couldn't work. It didn't!

Aviation could not have attained its present development abroad without Governmental financial support. The foreign air industry is heavily subsidized. This country does not believe in the principle of subsidy, although the tariff is not being more or less than an indirect subsidy. It is figured that, allowing for expected growth, it will take at least *ten years* for the foreign air industry to get upon a self-supporting basis.

### *Small Demand for Air Travel*

There is little demand for passenger travel by air in this country. *To create such a demand would require a large expenditure of capital over a long period of time.* And private capital is averse to long and speculative investments. Compared with the United States, Europe is an open and flat country. A Continental flyer is almost never out of sight of a landing field, or at least open country where a landing can be made in an emergency. To make flying equally safe in this country would mean a large expenditure of capital to provide landing fields and the other equipment incidental to long-distance flying.

The lack of Federal regulation has been touched upon in the last article. Today in New York City one cannot operate a vehicle for hire without being licensed and periodically inspected. But there is nothing to prevent any individual from taking air passengers on trips anywhere, at any time, or under any circumstances. Nor are there any regulations, except a few local ones to which he must conform when he is once aloft.

Moreover, and this is most important, the *air industry has not yet been developed to a point where passenger-carrying in this country can be undertaken with a degree of safety which would permit it to become a popular means of passenger-transportation.* This statement may arouse considerable criticism, but it emanates

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*a great increase in the demand for common and skilled*
*type of engineering and executive skill. It will mean*
*copper, lead, grained woods, steel, rubber, cotton,*
*outlying districts nearer to large centers of population.*
*practically every phase of human industrial activity."*

# How Will Coal Strike Affect Anthracite Roads?

By VINCENT GUY SANBORN

AFTER eight months of what promised to be a record year, the "hard coalers" have been forced to revise their plans because of a walk-out of anthracite miners. The order of the day is retrenchment, a tightening up all around. The duration of the present strike is a matter of guess-work pure and simple, but executives of anthracite carriers are good guessers, as a rule, and the majority opinion appears to lean toward a protracted walkout.

It is freely predicted that victory will rest with the operators, but the next few weeks, or perhaps months, will call for intensive operation of the properties in order to preserve the operating ratios at or near the splendid levels but recently realized. It is up to the managements to begin a paring down of expense items to conform to the changed conditions.

The transportation machine enters the strike in much better shape than was the case of the winter of 1922-23 and it will take a pretty mean situation to leave its mark. Up to and including August, the hard coal roads fared well—just how well is a matter of record in the financial district. Month by month since the first of the year the figures have been favorable. The August returns, which are now coming out, are very good. The exhibit for September is not yet completed, but there is little doubt that it will tell a different story, although there is hope that because of the vast stores of coal which had been piled at the mouth of the mines, the movement may result in the retention of a fair percentage of the revenue.

Where a road derives 40% or thereabouts of its total freight revenue from the handling of one commodity, like coal, a stoppage of movement must necessarily mean curtailed revenues. There is only one thing to do when such a situation occurs and that is what is now being done. The coal roads will keep up the maintenance of their properties in their present efficient manner but all "frills" will be done away with until the present uncertainties are removed.

Generally speaking, when the Street talks of "hard coalers" it means seven eastern lines whose revenues are to a large extent dependent on the movement from the mines of anthracite coal. These roads are the *Lehigh Valley*, which is second only to the Reading in the volume of hard coal tonnage handled and second to none as a handler of domestic sizes of anthracite; *the Reading; Jersey Central; Lackawanna; Erie; Delaware & Hudson,* and *New York, Ontario & Western.*

All of these lines have been operating at a substantial profit and all have made very good records in operating efficiency. With more than a month of the present strike already history there is no sign of despair anywhere. Their record for eight months is secure. Their chief interest now is to keep up the good work with the material offered.

At the risk of digressing it should be pointed out here that the more hard coal strikes we have the greater is the resultant use of substitutes for this kind of fuel. This and the realization that some day most of the anthracite will be above ground have led to a natural desire on the part of executives of anthracite roads to safeguard their future interests by shifting the nature of their traffic as much as is possible. Instances where the tonnage of anthracite handled has shrunk are accompanied by equal indications that tonnage of a different kind has been substituted. Refrigerator car movement is heavier and some of the hard coalers are definitely out to secure a greater share of the automobile freight traffic. Thus far only beginnings have been made but even these are significant.

Coal strike or no coal strike, one element in the situation is due to feel no effects of the disruption of normal conditions. This is the railroad consolidation program which is due to be pressed now that normal activity is being resumed following the summer holidays. There is not one hard coal road which does not figure directly in all of the consolidation schemes which have thus far been put forth. All of them, in fact, are desired by more than one of the large trunk lines.

A review of the situation on each of the hard coal roads is in order.

### *Reading*

Reading's seven months' report revealed gross of 53.8 millions, against 53.4 millions last year, but this year gross was translated into net of 11.3 millions, while last year the figure stood at 9.9 millions. This is a good commentary on the efficiency with which the property is being managed. Reading is expected to earn more than $9 on its common stock this year. This road is very much in the consolidation picture at the present time. Under the three-company plan it is assigned, with Jersey Central, to the Baltimore & Ohio. Under the Pennsylvania's plan, Reading and Jersey Central are split up among the recognized Big Four. The Loree plan, which provides for five trunk lines, puts Reading and Jersey Central equally in all five groups. Coming at the question at any angle, Reading would appear to be an important factor in the consolidation struggle.

***Reading common, a $50 par value stock, has sold as high as 91¼ this year and the current price is not so far below this level. The same elements which make Lehigh common popular should apply in the case of Reading junior shares.***

### *Lehigh Valley*

This road is in splendid condition at the present time. Equipment and way maintenance have been pushed since early in the year. Like other roads, Lehigh Valley ran ahead of last year during the first seven months. Gross for this period in 1924 was 43.8 millions, against 45.4 millions this year, while seven months' net amounted to

8.4 millions, against 6.3 millions in 1924. Last year, Lehigh reported that 40.73% of its total freight tonnage was contributed by anthracite coal. This was a slight decrease as compared with the 44.61% reported in 1923. At the same time, last year's percentage of manufactured and miscellaneous freight handled was 26.27, against only 23.65% in 1923.

Statisticians estimate that on the basis of the first half year, Lehigh, allowing for normal seasonal variations, should earn about 5% on property investment and 15% on its common stock. Lehigh is one of the big prizes in the eastern consolidation grab-bag. New York Central and Delaware & Hudson are both understood to have bought the stock of the road with the idea of securing a position at the bargain counter, while Pennsylvania has made no secret of its desire for an alliance with Lehigh. The high point for Lehigh stock this year is 83 and current prices are near this level. *Despite its present high price Lehigh common should prove attractive because of the line's excellent physical condition and also because of the added feature of consolidation possibilities.*

### *Lackawanna*

Lackawanna, like Lehigh, has made a beginning toward a diversification of its freight tonnage and for this reason will be able to fill in any dull period caused by the suspension of anthracite mining. Lackawanna's physical condition leaves little to be desired. Earnings for seven months showed up well this year, gross being 51.3 millions and net 9.6 millions, against 49.9 millions and 8.6 millions respectively for the corresponding period of 1924. The work of paring down overhead started slightly in advance of the strike order to the anthracite workers with the closing of important shops in the strike zone. Lackawanna is prepared to operate on the new schedule called for by the mining walkout.

In consolidations, Lackawanna's name is one of those most frequently heard. Time was, and not so long ago at that, when there were many in Wall Street who looked for the Van Sweringens to take over Lackawanna along with Erie, Pere Marquette and Nickel Plate. In an early hearing before the Interstate Commerce Commission, the Cleveland brothers "tapped" this road for one of their own but the whole question is still very much up in the air. The four-company plan gives Lackawanna to the Nickel Plate. The Pennsylvania assigns Lackawanna equally to New York Central and Nickel Plate, while the Loree plan provides for a hook-up between Lackawanna and Delaware & Hudson. *The consolidation feature and the excellent condition of the road make Lackawanna's stock attractive to a conservative investor, interested in long-range possibilities.*

### *Ontario & Western*

Ontario & Western is another road which has speculative possibilities due to the reported efforts of other roads to take over New Haven's control of the property. Earnings for the first seven months were ahead of last year, gross being 7.7, against 7.5 millions, while net was $860,000, against $672,000 for the same period of last year. The company earned $1.08 a share last year and estimates of 1925 earnings place the probable rate at $1.10.

### *Central of New Jersey*

Jersey Central's showing for the first seven months of 1925 revealed a particularly favorable situation. Gross for the company was 33 millions, against 31.6 millions last year, while net was 5.1, against 3.4 millions a year ago. Present maintenance conditions are reported to be very satisfactory. The road's hard coal movement represents 40.2% of the total volume of freight moved. Earnings last year amounted to $22.55 a share and estimates for the current year indicate the possibility that the rate per share will approximate $25.

Central of Jersey shares Reading's consolidation position, being linked with the latter in all of the plans which have been brought out thus far. *There can hardly be any development of major importance in the consolidation program which will not have its effect, probably beneficial, on Jersey Central.*

### *Erie*

Twenty-three per cent of Erie's total traffic consists of the movement of anthracite coal. Estimates place Erie's net for the first eight months of the current year at $3,263,704. The present condition of the road's equipment and right of way is good. The stock is selling around 32 or thereabouts. The high mark for the year is 34½. Erie is one of the roads which has already been leased to the Nickel Plate and decision regarding the application for a unified system is in the hands of the Interstate Commerce Commission at the present time. The program of the Van Sweringens proposes the exchange of Erie stocks for shares of the New Nickel Plate. *The shares have speculative possibilities.*

### *Delaware & Hudson*

Delaware & Hudson is essentially a hard coaler, 43% of its freight consisting of this commodity. L. F. Loree, president of the road, is one of the big factors in the consolidation fight in the East. Delaware & Hudson has a fine record for efficiency since Mr. Loree is one of the keenest minds in the railroad game in the matter of keeping vital machinery at a high level of service. At the end of the first seven months, Delaware & Hudson showed gross of 26.4, against 25.9 millions last year with net of 4.9, against 3.6 millions for the same period of 1924. Last year the road earned $13.69 a share and the current year is expected to show up well. *The stock is attractive.*

## Essential Data on Stocks of Anthracite Roads

| Road | Division of Traffic Coal % | other % | Earnings per share on common 1923 | 1924 | *1925 | Market Record 1923 high | 1923 low | 1924 high | 1924 low | 1925 high | 1925 low | Recent Price | Div. | Yield |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Reading ............ | 21 | 79 | $16.30 | $8.80 | $9.50 | 81 | 68 | 79 | 51 | 91 | 69 | 85 | $4 | 4.7% |
| Lehigh Valley ...... | 41 | 59 | 7.08 | 6.06 | 7.20 | 71 | 54 | 85 | 40 | 83 | 69 | 80 | 3½ | 4.3 |
| Lackawanna ........ | 31 | 69 | 7.33 | 8.35 | 9.35 | 130 | 109 | 149 | 110 | 147 | 125 | 141 | 6 | 4.3 |
| D. & Hudson ...... | 43 | 57 | 11.09 | 13.69 | 15.00 | 124 | 93 | 139 | 104 | 155 | 133 | 146 | 9 | 6.2 |
| Jersey Central ..... | 40 | 60 | 2.88 | 22.55 | 25.20 | 231 | 175 | 295 | 199 | 321 | 265 | 285 | 8 | 2.8 |
| Erie ................ | 23 | 77 | .... | .... | .... | 22 | 10 | 35 | 20 | 34 | 26 | 32 | .. | .. |
| Ontario & Western | .66 | 34 | .21 | 1.08 | 1.10 | 21 | 14 | 28 | 16 | 34 | 20 | 30 | 1 | 3.3 |

*Estimated

# Ten Best Prospects for Higher Dividends Among Rails

## A List of Attractive Railroad Stocks

ALTHOUGH the returns of the railroads for July were exceptionally good, with an increase of about 34% in net operating income as compared with July last year, August earnings are likely to make an even better showing. Car loadings in August averaged well over one million weekly, and for the week ended August 29th a new record for all time was established.

Despite this record-breaking freight movement, railroads have experienced no delay in making shipments and equipment has been ample to take care of all needs. Surplus freight cars in good repair are around 200,000 and servicable locomotives around 6,000. Never before in the history of the country have the railroads displayed anything like their present effectiveness. The results of present-day operations compared with the results when the roads were under the control of the government have been so greatly in favor of private management that the movement toward government ownership has been definitely killed. The improved efficiency of the roads has done more than anything else to restore confidence of the investing public in railroad securities.

With the outlook favoring substantial earnings at least for some time to come and the government definitely committed to the policy of favoring consolidation of the roads of the country into fewer and larger systems, the outlook for railroad securities could hardly be more favorable than at the present time.

Regardless of merger possibilities, there are many railroad stocks attractive on the basis of current earning power alone. Ten of the best of these, from the viewpoint of dividend increase possibilities are listed in the accompanying table and of these a few are briefly described herewith.

*Southern Rwy.*

No railroad in the country appears to have a more favorable future than Southern Rwy. The millions spent for improvement over the past decade are now beginning to show very definite results in a lower operating ratio. With industrial activity in the south distinctly in an upward trend, traffic promises to steadily increase, and in view of the greater efficiency with which it can now be handled net earnings should continue to grow. Southern Rwy. promises to earn its present dividend of $5 a share on the common stock more than three times over this year. Recently, the directors only declared the regular dividend. *With earnings steadily on the increase, however, it cannot be long before common shareholders will receive greater returns.*

*C. & O.*

Chesapeake & Ohio has shown remarkable improvement in earnings due in part to the fact that it serves non-union soft coal mines which have been doing the major portion of the soft coal business because of lower costs. C. & O. is part of the proposed Nickel Plate merger. The terms offered to stockholders of the former road have been objected to by minority interests who have brought the fight before the Interstate Commerce Commission. Since the terms of the merger were first agreed upon Chesapeake & Ohio earnings have continued to mount steadily and it is probable in view of this improvement that the interests behind the Nickel Plate merger have come to view the demands of the minority shareholders more tolerantly.

There is little question that the terms will be modified either through a ruling of the Interstate Commerce Commission or voluntarily by the organizers of the proposed new Nickel Plate System. *With earnings well over $20 a share and paying only $4 a share in dividends, C. & O. is obviously in a position to increase the rate on its common stock substantially.* It is not likely there will be any increase in the rate until the Nickel Plate merger is decided one way or the other. Common shareholders, however, are in a strong position and unquestionably in line for a higher return whether this comes through an increase in the dividend rate or better terms in the Nickel Plate consolidation.

*"Soo" Line Pfd.*

Minneapolis, St. Paul & Sault Ste. Marie is showing marked improvement in earnings this year and promises to cover the 7% dividend on the preferred stock with substantial margin. Indications point strongly to favorable action on the plea of the western roads for an upward revision of freight rates and should this transpire Soo Line will probably be in a position to pay dividends on its common stock as well as on the preferred. Canadian Pacific controls Soo through ownership of majority of capital stock and its policy in past years has been to pay out the major part of surplus earnings to shareholders.

*N. Y. Central*

New York Central, including undistributed earnings of subsidiary companies, is earning at the rate of about $18 a share. In view of the strong financial condition of this system as well as the excellent physical condition, directors would be justified in paying a higher dividend rate than the present one of $7 a share. The management may decide to wait until more progress has been made in consolidating the eastern roads before

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### Ten Best Prospects for Favorable Dividend Action Among the Rails

| | Earnings 1924 | Earnings *1925 | Present Div. | Current Price | Yield % |
|---|---|---|---|---|---|
| Southern Railway | $12.30 | $15.70 | $5 | 104 | 4.8 |
| Chesapeake & Ohio | 16.77 | 25.00 | 4 | 105 | 3.8 |
| Missouri-Kansas-Texas, pfd. | 22.40 | ‡30.00 | 5 | 88 | 5.7 |
| New York Central | 12.87 | †13.00 | 7 | 121 | 5.8 |
| Norfolk & Western | 12.85 | 17.30 | 7 | 136 | 5.2 |
| Atlantic Coast Line | 19.34 | 25.00 | §8 | 197 | 4.1 |
| Missouri Pacific, pfd. | 9.05 | 13.00 | .. | 86 | .. |
| Minn. St. Paul & S. S. M., pfd. | 0.16 | 12.00 | .. | 70 | .. |
| Delaware, Lackawanna & Western | 8.34 | 9.30 | 6 | 141 | 4.3 |
| Chicago & Northwestern | 4.20 | 7.50 | 4 | 69 | 5.8 |

*Based on returns for first seven months.
†Including undistributed earnings of subsidiary lines earning so far this year have been at rate of about $18 a share.
‡On combined preferred and adjustment 5s earnings so far this year have been at the rate of 12.25%. The adjustment 5s are convertible into preferred stock.
§Including extras.

# Bonds

## Speculative Opportunities In High Yield Bonds

FOR months the bond market has offered little opportunity to those interested in the profit side of the best class of obligations. High-grade and even medium-grade bonds have reached points which make further advances improbable, and, if anything, there has been a tendency to recessions. Exceptions are rare.

Obviously the best speculative opportunities abound among the high-yield bonds. Such bonds are, of course, not of prime quality. Either the issuing companies have not been heavy earners for the last few years, or they are just beginning to improve in earning power. Such bonds should be purchased in the same manner that speculative stocks are purchased, that is with a clear understanding that they entail a business man's risk. They are not suitable for conservative investors.

Although this publication does not recommend foreign bonds, on account of the unsettled political conditions relating to them, it feels that this is truer of Europe than of Latin America. Hence two issues have been included from these countries.

### *SEABOARD AIR LINE RAILWAY*

#### *Adjustment 5s 1949*

These bonds have had a chequered career, having sunk as low as $13 in 1921. Speculation in this issue has yielded great profits, and there is room for further price appreciation.

Accumulated unpaid interest on the issue is now 12½%. Arrears are rapidly being made up, the February 1, 1923, coupon having just been paid. It may not be long before interest payments are brought up to date.

Although these bonds are junior to a great many issues as to assets and interest, as in the case of the 1st 4s, the Ref. 4s and as to interest alone in respect to the 1st and Con. 6s, the important fact is that the Seaboard has earned its total bond interest one-and-a-half times and earnings are forging ahead. The revival of prosperity under the Warfield management has been little short of remarkable. The extensions being made in Florida should add considerably to net earnings.

At the present quotation of 86 less the 12½% accumulated dividends, the net price of the bonds is 73½. The true yield approximates 7.4%.

*The earning position of the road justifies belief in payment of accumulated and future interest on these bonds. They are an attractive speculation.*

### *REPUBLIC OF CHILE*

#### *S. F. 8s 1946*

Sound sinking fund provisions make this bond exceptionally attractive. The Republic has already deposited quarterly with the New York bankers, sufficient to retire 1.5 millions of the issue, leaving 9.0 millions outstanding. The bonds are redeemable at 110 and interest in 1931 and at 105 and interest thereafter, to and including maturity.

In 1920 there were some banking dif-

### Eight Attractive Speculative Bonds

| | Amount Issue Outstanding in Millions | Net Tangible Assets | Times Int. Earned Tot. Debt 1924 | Market | Price | Approx. Yield % |
|---|---|---|---|---|---|---|
| Republic of Chile S. F. 8s 1946 | $9.0 | .. | .. | N. Y. Stock Ex. | 109 | 7.14 |
| Colorado Industrial 1st Gtd. 5s 1934 | 31.7 | 74. | 1.1 | N. Y. Stock Ex. | 86 | 7.35 |
| New York State Rys. 1st on 4½s 1962 | 13.4 | 41. | 1.7 | N. Y. Stock Ex. | 66 | 7.10 |
| Third Ave. Ry. Co. 1st Ref. 4s 1960 | 22.0 | 52. | 1.8 | N. Y. Stock Ex. | 56 | 7.60 |
| Am. Ag. Chem. Co. 1st Ref. S. F. 7½s "A" 1941 | 27.3 | 68. | 1.1 | N. Y. Stock Ex. | 103 | 7.14 |
| Broadway & 7th Ave. 1st Con. 5s 1943 | 8.1 | C | 2.0B | N. Y. Stock Ex. | 72 | 8.00 |
| Mexican Light & Power 1st 5s 1940 | 11.3 | 42. | 4.0 | London, Montreal Toronto Stock Ex. Active N. Y. Unlisted | 67 | 9.00 |
| Seaboard Air Line Adj. 5s 1949 | 25.0 | 122. | 1.5 | N. Y. Stock Ex. | 86A | 7.40 |

A—See text. B—Rate since reorganization, 1925. C—Reorganized 1925.

ficulties with Chile in connection with the break in the price of nitrates. These banking difficulties have infected judgment on the bonds. This is irrelevant. Chile has an excellent debt history. American enterprise has invested there heavily, especially in copper mines. There is no reason to value Chilean credit below that of the Argentine. Argentine bonds of similar quality, interest and maturity, however, yield 1% less.

*Judged on their own merits, these bonds should approach equality with the Argentine. The difference is now twelve points. At 109 the Chilean S. F. 8s yield 7.14%.*

### COLORADO INDUSTRIAL CO.

*1st Guaranteed 5s, 1934*

Colorado Industrial Company is a subsidiary of the Colorado Fuel & Iron Company, which owns 100% of the capital stock. The parent company guarantees principal and interest on these bonds by endorsement. Sinking fund provisions require that 4 cents per ton of coal mined and 10 cents per ton of iron mined shall be applied thereto. To date 2.4 millions have been retired through sinking fund operations and 31.7 millions remain outstanding. The parent company has obligations totalling only 5.1 millions.

These guaranteed bonds are a first mortgage on 83,000 acres of mineral and frontage and a first lien on all stocks and bonds of subsidary railroad companies. Net tangible assets applicable to these bonds are twice the amount outstanding.

Despite the prestige of the guaranteeing company, the thin margin of net earnings over interest requirements of total funded debt of both parent and subsidiary companies, has, naturally, depreciated this issue.

*At 86, yielding 7.35%, the bond is a fair speculation. Recent operating economics give promise of larger net earnings. Financial strength of the guaranteeing company is unquestioned.*

### NEW YORK STATE RAILWAYS

*1st Consolidated 4½s, 1962*

Controlled by the New York Central, and the leading interurban electric system in Central New York, this issue has always commanded confidence.

These bonds are secured by a first mortgage on 130 miles of electric railway track and a general mortgage on 334 miles. The latter is subject to prior liens on each division issued by subsidiary companies. An interest in urban and interurban railway leases in Syracuse, Rochester and Utica is also enjoyed by this issue. It is further secured by 2.0 millions par value stock of the Schenectady Street Ry. Co., which has spurs to Albany and Saratoga.

The 13.4 millions outstanding bonds (there are outstanding also 3.0 millions with an extra 2% coupon) are preceded by 10.5 millions dollars of obligations of subsidiary companies. Interurban railway securities have been weak generally, owing to the inroads of bus competition, and interurban holding companies have been doubly in disfavor as they depend for their income largely upon consistently large net earnings of their subsidiaries. Nevertheless in the last five years interest requirements have been earned one-and-a-half times.

In view of surplus net tangible assets back of the bonds, and surplus of net earnings over interest requirements, these bonds are undervalued. They have been classed too easily with other interurban roads, not nearly so prosperous. The New York Central control, while not specifically related to this bond issue, has nevertheless great importance.

*At 66 to yield 7.10 the bonds appear a fair speculation.*

### THIRD AVENUE RAILWAY CO.

*1st refunding 4s 1960*

Secured by a first mortgage upon all the property and franchises of the Third Avenue Railway Company, which operates, with its subsidiary companies, over 300 miles of street railways in New York city and adjacent Westchester County, these bonds have great potential earning power. The further security of 18.3 millions par value stocks and bonds of subsidiary companies deposited against the issue enhances its attractiveness. The only prior liens amount to 12.9 millions for whose retirement bonds of the refunding 4s have been reserved. Of the authorized 40 millions apart from such earmarked bonds 5.93 millions are reserved for extensions and 22 millions are outstanding.

Although earnings for a long time were little above interest requirements, lately they have met interest requirements on the prior liens and on this issue by one-and-a-half times. Naturally the formerly thin margins of earnings should be borne in mind, but they are not nearly so important as the consistent gains in net income now being made.

*These bonds are definitely undervalued. At 56, yielding 7.60% they present an attractive speculative possibility.*

### AMERICAN AGRICULTURAL CHEMICAL COMPANY

*1st refunding SF 7½s "A"* 1941

These bonds are in a special position. The American Agricultural Chemical Company has leased its railroad properties in Florida to the Seaboard Air Line, with the understanding that at the end of three years the lines are to be taken over by the Railroad Company. Proceeds will be used either to retire the senior bonds of the company, or to reduce the outstanding amount of the refunding 7½s. The senior issue matures in 1928.

In view of the fact that cash will be available to retire the senior issue at maturity, thus making the 1st refunding issue the senior security, and that the outstanding amount of the 1st refunding issue has been reduced over 3.0 millions this year, these bonds are today in a strong position. Earnings for 1925 will, apparently, be 25% in excess of the interest and sinking fund requirements on both bond issues.

The weakness of the company is its terrific profit and loss deficit of 17 million dollars. This is due entirely to the smash in fertilizer prices accompanied by agricultural depression, in 1921. The company seems definitely to have recovered from this recession in earning power. As it works out of the 1921 situation the bonds should be more valuable.

*The refunding 7½s are an attractive opportunity in view of the combination of increased earning power with favorable changes in capital structure. At 103 they yield 7.14%.*

### BROADWAY AND SEVENTH AVENUE R. R. CO.

*1st Consol. 5s 1943*

This issue was dealt with in great detail in the September 12th issue of THE MAGAZINE OF WALL STREET (p. 900) as part of the general situation of New York Railways Co.

Reorganization of this holding company has resulted in an astoundingly good income showing. Fixed charges are being earned twice over. The Broadway and Seventh Avenue bonds.

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***Please see page 1048 for our new COMMODITIES DEPARTMENT, covering the outlook for Wheat, Corn and Cotton. This department is expressly designed to meet with the requirements of those who follow these three markets closely. The material presented is authoritative and practical.***

### *Bonds Generally Quiet*

THE government's redemption of some of its outstanding indebtedness and payment of interest due September 15th was accomplished without the slightest disturbance in the money market. As a matter of fact, call rates displayed an easing tendency, but this also was without effect on bond prices. As has been the case for months, high-grade issues managed to maintain their levels, with here and there some fractional concessions or fractional advances, but this class of securities was unable to make any general further price progress.

Among the middle grade issues, there was demand for the Kansas City Southern refunding 5s, and the Boston & New York Air Line 4s, which have consistently been behind the market. These issues developed marked strength, advancing over three points. The junior rails were comparatively quiet, with profit-taking here and there, but sales appeared to be readily absorbed on small recessions. There was considerable activity in the new Denver & Rio Grande 5s, which sold at around 70, although interest is not being paid; trading was purely speculative in character and, after reaching the high, there was a sharp decline of five points.

### *Utilities More Active*

There was more interest among the public utilities than has been the case for some time. International Telephone & Telegraph 5½s sold at around 105. New York tractions were especially strong following the result of the political events in the city upon the apparent elimination from the scene of the present mayor, who has been continually quarreling with the local traction interests. Another issue which has been consistently selling out of line, the Chicago Railway 5s of 1927, suddenly came to life with a sharp advance to above 78. The general tendency in the utility division was upward.

Industrials were firm throughout. The oils, which were under pressure for several weeks, improved with the mild rally in oil shares. There was quiet accumulation of such issues as Consolidation Coal Company refunding 5s at around 83. International Paper Company 5s were a strong spot, selling at 92. Union Bag & Paper Company first mortgage 6s were likewise strong, gaining two points. American Agricultural Chemical Company 7½s reached a new high around 104½. These issues presented the only special features on the upside in the industrial division. Prices held firm, as previously stated, but, in the main body of bonds, the general result was little changed.

There is no reason, so far as we can see, to change the views previously expressed in these columns. High-grade issues are, on the whole, unattractive from a profit viewpoint; the better opportunities are among the speculative issues.

# BOND BUYERS' GUIDE

## (Bonds listed in order of preference)

| | | Apx. Price | Apx. Yield | ¶ Int. earned on entire funded debt |
|---|---|---|---|---|
| **HIGH GRADE** (For Income Only) | | | | |
| Non-Callable Bonds: | | | | |
| Great Northern Genl. 7s, 1936 | (c) | 110 | 5.75 | 2.85 |
| Atlantic & Danville 1st 4s, 1948 | (a) | 73 | 5.75 | .... |
| Western Union Telegraph Co. 6½s, 1936 | (a) | 110 | 5.30 | e 1.75 |
| New York Edison Co. 6½s, 1941 | (b) | 114 | 5.20 | 3.30 |
| Chicago & Northwestern 7s, 1930 | (b) | 108 | 5.20 | 1.60 |
| Delaware & Hudson 7s, 1930 | (b) | 106¾ | 5.05 | 2.10 |
| New York Dock Co. 4s, 1951 | (a) | 79½ | 5.50 | 2.70 |
| Callable Bonds: | | | | |
| Armour & Co. Real Estate 4½s, 1939 | (a) | 89 | 5.60 | .... |
| Laclede Gas Light Coll. & Rfd. 5½s, 1953 | (c) | 100½ | 5.50 | 1.41 |
| **MIDDLE GRADE** (For Income and Profit) | | | | |
| Railroads: | | | | |
| Cuba R. R. 1st 5s, 1952 | (a) | 87 | 5.90 | 2.45 |
| St. L. & S. F. Prior Lien 4s, 1950 | (c) | 77 | 5.75 | 1.88 |
| Western Pacific 1st 5s, 1946 | (c) | 93 | 5.50 | 2.40 |
| New York, Ontario & Western Rfd. 4s, 1992 | (a) | 69½ | 5.80 | 2.00 |
| Missouri Pacific 1st & Rfd. 6s, 1949 | (b) | 101½ | 5.95 | 1.20 |
| Baltimore & Ohio Convertible 4½s, 1933 | (b) | 93 | 5.75 | 1.38 |
| Baltimore & Ohio Rfd. 5s, 1995 | (b) | 90 | 5.60 | 1.38 |
| Missouri, Kansas & Texas Prior Lien 5s, 1962 | (c) | 96 | 5.25 | 1.10 |
| Boston & New York Air Line 4s, 1955 | (a) | 73 | 5.95 | .... |
| Kansas City Southern Rfd. and Imp. 5s, 1950 | (a) | 91 | 5.65 | 1.90 |
| Minneapolis, St. Paul & Sault Ste. Marie 6½s, 1931 | (a) | 102½ | 5.90 | 1.50 |
| Rutland R. R. 1st 4½s, 1941 | (a) | 88 | 5.65 | 1.75 |
| Industrials: | | | | |
| South Porto Rico 1st Mtg. and Col. 7s, 1941 | (b) | 105 | 6.50 | 2.30 |
| Sinclair Pipe Line 5s, 1942 | (b) | 85 | 6.40 | g 2.50 |
| Goodrich, B. F., Co., 1st 6½s, 1947 | (b) | 105 | 6.10 | e 2.40 |
| California Petroleum Corp. 6½s, 1933 | (c) | 100 | 5.90 | 4.60 |
| International Paper Co. 5s, 1947 | (a) | 91 | 5.70 | 3.50 |
| U. S. Rubber 5s, 1947 | (c) | 89 | 5.85 | 2.05 |
| Bethlehem Steel Co. 5s, 1936 | (a) | 92½ | 5.90 | f 2.20 |
| Armour & Co. of Del. 1st 5½s, 1943 | (c) | 93 | 6.01 | .... |
| Anaconda Copper Mining Co. 1st 6s, 1953 | (b) | 101½ | 5.90 | g 1.25 |
| Union Bag & Paper Co. 6s, 1942 | (b) | 98 | 6.20 | f 4.40 |
| Cuba Company 6s, 1935 | (b) | 93½ | 7.00 | e 7.00 |
| Consolidation Coal Co. Rfd. 5s, 1950 | (a) | 83 | 6.30 | 2.00 |
| Public Utilities: | | | | |
| Manhattan Railway Cons. 4s, 1990 | (a) | 61½ | 6.60 | g 0.90 |
| Amer. Water Works & Elect. Corp. Col. 5s, 1934 | (c) | 95⅝ | 5.65 | 2.40 |
| Ohio Public Service 7s, 1947 | (c) | 109 | 6.25 | f 2.00 |
| United Fuel Gas 6s, 1936 | (b) | 101 | 6.00 | e 7.00 |
| Hudson & Manhattan Refunding 5s, 1957 | (c) | 98 | 5.55 | 2.60 |
| American Gas & Electric 6s, 2014 | (c) | 98 | 6.15 | 3.00 |
| American Power & Light Deb. 6s, 2016 | (c) | 96 | 6.25 | 2.00 |
| Kansas Gas & Electric 6s, 1952 | (b) | 102 | 5.85 | 1.80 |
| Commonwealth Power Corp. 6s, 1947 | (c) | 102 | 5.55 | 4.50 |
| Manitoba Power Company 7s, 1941 | (c) | 103½ | 6.60 | .... |
| Market St. Ry. 7s, 1940 | (b) | 98½ | 7.20 | 2.30 |
| **SPECULATIVE** (For Income and Profit) | | | | |
| Railroads: | | | | |
| Chesapeake & Ohio Conv. 5s, 1946 | (b) | 115½ | 4.00 | 1.65 |
| Erie Genl. Lien 4s, 1996 | (b) | 65 | 6.20 | 1.31 |
| St. Louis & San Francisco Adj. Mtg. 6s, 1955 | (c) | 94 | 6.45 | 1.25 |
| Missouri, Kansas & Texas Adj. Mtg. 5s, 1967 | (c) | 90 | 5.70 | 1.10 |
| International Great Northern Adj. 6s, 1952 | (c) | 78 | 5.60 | .... |
| Chicago Great Western 1st 4s, 1959 | (a) | 64 | 6.70 | 0.85 |
| Western Maryland 1st Mtg. 4s, 1952 | (a) | 65½ | 6.75 | 1.20 |
| Rock Island, Ark. & Louisiana 1st 4½s, 1934 | (c) | 87½ | 6.30 | .... |
| Industrials: | | | | |
| Pan. Amer. Petroleum & Transport Conv. 6s, 1934 | (c) | 107 | 5.00 | 25.00 |
| Cuba Cane Sugar 7s, 1930 | (c) | 94 | 8.50 | 2.15 |
| International Mercantile Marine 6s, 1941 | (b) | 84½ | 7.75 | 2.80 |
| American Agricultural Chemical Co. 7½s, 1941 | (b) | 104½ | 7.00 | .... |
| Warner Sugar Refining Co. 1st 7s, 1941 | (c) | 99½ | 7.90 | .... |
| Public Utilities: | | | | |
| Empire Gas & Fuel 7½s, Series "A," 1937 | (c) | 104¼ | 7.00 | 3.30 |
| Brooklyn-Manhattan Transit 6s, 1968 | (c) | 90 | 6.70 | f 1.50 |
| Chicago Railways 1st 5s, 1927 | (a) | 78 | 16.00 | 1.08 |
| Hudson & Manhattan Adj. Income 5s, 1957 | (b) | 76 | 6.55 | 2.00 |
| Interboro Rapid Transit 5s, 1966 | (a) | 68 | 7.60 | 0.90 |
| Third Avenue Railway Rfd. 4s, 1960 | (b) | 57 | 7.50 | i 1.35 |

¶ This represents the number of times interest on the companies' entire outstanding funded debt was earned, based on earnings during the last five years. Includes government payments during period of government operation of railroads.

(a) Lowest denom., $1,000. (b) Lowest denom., $500. (c) Lowest denom., $100. (d) Lowest denom., $50. e Average last three years. f Average last two years. g Average last four years. i Does not include interest on adjustment bonds.

*Consolidated Gas Co. of New York*

# Dividend Raise for Consolidated Gas Still Up in the Air

## Rate Litigation Continues a Vital Dividend Factor

By JAMES N. PAUL

WITHOUT doubt, there is in this country no public utility which has been more subjected to political attacks and rate litigation than the Consolidated Gas Co. of New York, the premier gas-producing utility in the United States. Ignoring what may be termed ancient history, beginning with the so-called "Eighty-cent gas laws" of some twenty years ago, the company has been engaged in almost continuous litigation on the question of gas rates.

**Consolidated Gas Co.**

**Consolidated Earnings Statement—in Millions**

| | 1922 | 1923 | 1924 |
|---|---|---|---|
| Gross sales | $113.09 | $123.74 | $126.46 |
| Net earnings | 31.83 | 35.81 | 35.49 |
| Int. funded and unfunded debt | 9.96 | 7.75 | 7.52 |
| Surplus for dividends | 21.87 | 28.25 | 27.97 |
| Earned per share common | 9.60 A | 7.77 B | 7.47 C |

**Sales Including New York Edison Co.**

| | 1922 | 1923 | 1924 |
|---|---|---|---|
| Gas sales M cubic feet | $ 20.58 | $ 24.06 | $ 23.92 |
| Dollar value gas sold | 25.17 | 25.97 | 23.87 |
| Current sold kw. hours | 928.50 | 1,040.62 | 1,134.84 |
| Dollar value elec. sales | 44.75 | 50.23 | 53.29 |

A—Basis present capitalization. B—On 3,563,000 shares, common, no par. C—On 3,600,000 shares, common, no par.

Though litigation has been costly, the courts have uniformly ruled in favor of the company and have prevented imposition of arbitrary rates by legislative action. Such rates, in effect, would have amounted to confiscation of its properties. In any discussion of the position of Consolidated Gas Co., the rate question and politics behind rate attacks must play a prominent part.

At the moment, Consolidated Gas Co. is engaged in one of the most costly and bitter rate fights in the long history of rate litigation.

The so-called Walker Dollar Gas law in effect, provides that gas companies operating in Greater New York cannot charge in excess of $1 a thousand cubic feet of gas. No provision was made in the bill for ascertaining the cost of production. Operation of the law would have meant an immediate reduction of 15 cents a thousand to Consolidated Gas which had been charging $1.15.

However, Consolidated Gas and its subsidiaries immediately applied for injunctions, which were granted and this restrained operation of the new law until its constitutionality could be determined by the courts. These injunctions are still in effect and the companies are charging the higher rates. The difference of fifteen cents is being set up in a special reserve which at the close of last year amounted to some seven millions of dollars. An additional five million dollars will probably be added to the reserve this year.

The U. S. District Court, Southern District of New York, has already approved the Special Master's reports in the cases of Consolidated Gas and subsidiary companies. An appeal to the U. S. Supreme Court at Washington is now being prepared by the Municipality.

The appeal to be taken will be on the major case, that of Consolidated Gas Co. proper, and inasmuch as the issues are practically identical a final ruling will affect the smaller subsidiary companies. Even if the appeal is pushed intensively there seems little chance of a final decision before the Spring of 1926.

The issues of law are well defined and have been before the courts previously. The Supreme Court at Washington in the Spring of 1922 handed down a decision which was epochal. The court in deciding on the legality of the "Eighty-cent Gas Laws" enunciated the principle that no legislative body had the right arbitrarily to establish prices for service without taking due regard for production cost.

The court decided that the law was confiscatory as it would deprive the company of the right to receive proper earnings on its investment in the property.

Electric rates just now are being probed on the contention by the city that they are too high. For the sake of argument, it might be conceived that that electric subsidiary of Consolidated Gas, the New York Edison, will have to take some rate reduction, but whether the rates will stand as a result of hearings under way just now is mere conjecture.

### *Company In Fortunate Position*

Consolidated Gas Co. and its subsidiary companies constitute one of the most efficiently operated utility prop-

erties in this country. Over a period of years it has proven itself to be a consistent earner. This is well reflected both in the prices of its securities and the terms upon which it is able to affect its financing operations.

Some idea of the importance of the position of the company can be gained from the fact that gas output last year amounted to some 44 billions of cubic feet, while the total manufactured gas output for the country amounted to 405 billion cubic feet. Consolidated Gas is fortunate in respect of the fact that it operates in probably the most congested territory in this country, and with its electric light subsidiaries, chiefly New York Edison Co., has a virtual monopoly on gas and electric business of the boroughs of Manhattan and Bronx and northward into the suburbs. Its operations do not extend into Brooklyn.

That demand for electric light and power is increasing and will continue to increase needs no repetition. Here Consolidated Gas is amply protected through its subsidiaries which provide current throughout the city. What is more to the point is the likelihood of a continuation of the rate of demand for gas. As has been pointed out many times, the bogey that electricity is displacing gas has been dispelled. This is amply attested by figures of gas output in this country. Over a ten-year period, 1914-1924, gas consumption in this country has doubled.

### *Earnings Stabilized*

With practically the same gas and electric rates in effect over the period before mentioned, Consolidated Gas Co. earnings since 1923 have been stabilized to a remarkable extent. The 1924 annual report briefly showed that on a gross business of 126 millions, net earnings were 35 millions, leaving after fixed charges, 28 millions for dividends. Balance to surplus after all dividends was $9,000,000 while earnings were equivalent to $7.47 a share on the 3,600,000 shares of common stock outstanding compared with $7.77 a share the previous year. Dividend requirements on the common have been $5 annually and the margin above dividend requirements, seems sufficient.

Estimates of an official character on earnings this year are lacking. The company publishes but one income account each year and that is the annual report made public in January. However, it appears that gas sales will probably show a slight increase over last year while electric sales will show a larger percentage of increase. All things considered, despite the fact that 50 million dollars 5½% bonds were sold this year, adding fixed charges of 2.75 millions annually, Consolidated Gas should earn close to $8 a share on the common without taking into account "gas sales suspense," the difference between the $1.15 rate being charged and the Dollar statutory rate. This will add some 5 millions, bringing the total in reserve to 12 millions. If it is included in earnings, it would add about $1.50 a share additional so that total earnings are probably running in excess of $9 a share on Consolidated Gas common.

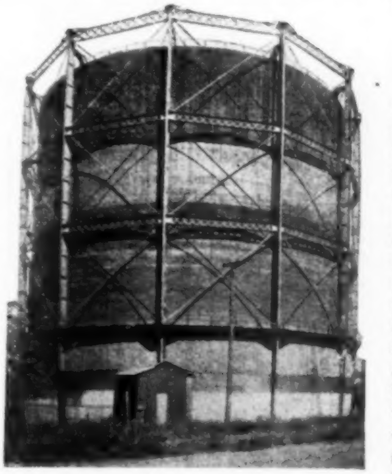
While the 1924 income account showed the equivalent of $7.47 a share earned on the common stock, inclusion of $5,075,000 gas sales suspense equal to $1.40 a share on the common would have brought up the amount to $8.87. Financing this year simply reflects conversion of bank loans into fixed loans so that the increased interest charges occasioned thereby will not be any great factor in reducing net earnings.

### *Dividend Prospects for Common Stock*

The expectation that with the gas rate litigation out of the way, the stock will be placed on a $6 annual basis seems well founded, assuming, of course, that the highest court will uphold the lower courts in their decisions.

In view of the slow progress likely to be made in the pending appeal, there seems to be no reason for expecting an increase in the rate at least this year. As stated previously, the outcome of the rate litigation is of far-reaching importance both as to future earning power and disposition of the estimated $12,000,000 of reserves at the end of this year. The reserve alone will be equivalent to about $3.30 a share on the common and at the present rate of gas sales, the 15-cent difference between the Dollar rate and $1.15 actually being charged indicates about $1.50 a share annually in earning power on the junior issue.

The question of dividend rate on the common is also of far-reaching importance to holders of the $50 par value preferred stock now paying 7% annually in dividends. The preferred stock of which there are 15 million dollars par value outstanding (300,000 shares) is cumulative at the rate of 6% annually. The speculative feature to the preferred is found in the fact that a 1% increase annually must be paid for each $1 paid on the common in excess of $4 annually. With the common now paying $5 annually, the preferred is on a 7% annual basis. Should the rate on the common go to $6 annually, the preferred would automatically go on an 8% basis. Unfortunately the preferred stock cannot be sold without giving previous notice to the company, which has a 30-day option to purchase at specified rates. Twenty shares only can be registered in one name; holders must be residents of New York City and either customers or employees of the company.



However, eliminating any thought of rate litigation, earning power of both the gas company and its electric subsidiaries is on the increase. This is particularly noticeable in the case of the electric companies due to rapid expansion of demand. Consolidated Gas Co. seems to be getting better control of cost of manufactured gas. In this respect, declining oil markets are an extremely favorable factor as the oil used in gas production is one of the largest and most expensive items. Reports to the Public Service Commission for 1924 indicated that cost of manufactured gas during that year was 59.41 cents against 61.24 in 1923, 69.28 in 1922 and 89.08 cents in 1921 when production costs were at their peak.

### *The Importance of New York Edison Company*

Few perhaps can realize the important part which New York Edison Co., its chief electric subsidiary, plays in ability to show increased earnings. Consolidated Gas proper last year showed gross sales of gas amounting to 23.8 millions of dollars, while the Edison company showed gross sales of 53.2 millions, balance of gross in the consolidated income account being made up by smaller gas and electric subsidiary companies. The Edison company alone, controlled by 100% stock ownership by Consolidated Gas last year contributed surplus earnings to the system at 12.7 millions. In this company lie the greatest possibilities for growth of earning power. The Edison company alone to take care of future demand is constructing a $50,000,000 700,000 kilowatt electric plant in the city limits. To realize the size of this giant plant, when in full operation, capacity will be 100,000 kilowatts in excess of the projected Muscle Shoals power plant.

### *The Stocks*

To recommend indiscriminate purchases of public utility issues after the recent broad upward movement in issues of this class would seem foolhardy. However, the common stock of Consolidated Gas has not advanced in the same proportion as the majority of these issues. The common selling around 90 and paying $5 shows a yield of 5.5%. *On a yield basis the stock seems high enough but possibility of a higher dividend is no doubt responsible to some extent for the selling price. As a $6 issue, the common would be entitled to sell above par on its merits as an exceptionally strong investment issue.*

# Improving Your Investment Position

## 70 Practical Switch Suggestions for Investors

THE essential purpose of this set of recommendations has been to suggest to holders of thirty-five stocks how they may improve their investment position by switching into thirty-five others in a stronger position. Speculative considerations have been eliminated so far as is practicable. In this connection, we desire to point out that it is possible, owing to speculative conditions, that some of the stocks from which we suggest a switch may advance a few points beyond the present price but we feel that from an investment viewpoint, those issues into which we suggest the switch are sounder and in the long run will give better result. In most cases, the attempt has been to increase the yield. In any case, we believe the tables will be found useful by all classes of stock investors, whether they happen to hold the issues listed or not. Owing to mechanical requirements, we have not been able to indicate price changes beyond those quoted September 17.

| | Earned $ per share 1923 | Earned $ per share 1924 | Earned $ per share 6 mos. 1925 | Div. $ per share 1923 | Div. $ per share 1924 | Points Advance from 1924 Low | Recent Price | Div. Rate | Yield % | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|
| Ajax Rubber | def. | 1.56 | 0.53 | none | none | 6 | 10 | none | — | High price of crude rubber detrimental to smaller tire companies like Ajax. Continental Motors in strong financial and trade position. Earnings improving. |
| to Continental Motors | 1.08 | 1.42 | 0.80 | none | 0.60 | 3 | 9 | 0.80 | 8.9 | |
| American Bosch | 1.55 | 0.78 | 1.75 | none | none | 17 | 39 | none | — | American Bosch has unimpressive record despite recent tendency toward improvement in earnings. Dodge Bros. is in much stronger position and has considerably higher average earning power. |
| to Dodge Bros. "A" | nil | 3.35 | 4.75 | none | none | n. l. | 30 | none | — | |
| Beechnut Packing | 5.16 | 5.62 | 3.50 | [1]3.0 | 3.0 | 29 | 73 | 2.4 | 3.3 | National Dairy Products more attractive on basis of current yield and possibilities of future expansion. |
| to National Dairy Prod. | 5.08 | 6.10 | 3.05 | none | 2.25 | 37 | 67 | 3.0 | 4.5 | |
| Coca Cola | 7.66 | 10.00 | 8.47 | 7.0 | 7.0 | 83 | 144 | 7.0 | 4.8 | Coca Cola discounting prospect of higher div. Seems high enough for security having variable earning power. Amer. Tel. & Tel. much stronger investment security. |
| to Amer. Tel. & Tel. | 11.35 | 11.31 | 5.69 | 9.0 | 9.0 | 21 | 142 | 9.0 | 6.4 | |
| Colorado Fuel | 1.67 | 1.05 | 3.42 | none | none | 15 | 40 | none | — | Colorado Fuel has erratic dividend and earnings record. American Steel Foundries has high average earning power and shares have investment quality. |
| to Amer. Steel Foundries | 9.55 | 5.63 | 2.74 | 3.0 | 3.0 | 8 | 41 | 3.0 | 7.3 | |
| Cuyamel Fruit | 9.03 | 2.83 | 2.69 | 3.0 | 4.0 | 7 | 52 | 4.0 | 7.7 | Capitalization of Cuyamel Fruit appears high in comparison to demonstrated earning power. Childs profits show stability. Including 4% stock div. shares yield over 8%. |
| to Childs Company | 5.27 | 6.13 | 1.63 | †1.77 | 2.40 | 27 | 59 | [1]2.40 | 4.1 | |
| Crucible Steel | [2]5.20 | [2]4.55 | [2]2.60 | 2.0 | 4.0 | 27 | 75 | 4.0 | 5.3 | Crucible Steel in good financial position but peace-time earnings do not show large margin over div. requirements. Youngstown in stronger competitive position. Higher per share earning power. |
| to Youngstown S. & Tube | 14.93 | 6.68 | 6.70 | 5.75 | 4.5 | 16 | 78 | 4.0 | 5.1 | |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Granby | def. | def. | def. | none | none | 6 | 19 | none | — | Granby a high-cost proposition with not very encouraging past record. Ahumada Lead a strong Mexican lead producer in promising position. |
| to Ahumada Lead | [4]031 | 0.57 | [5]0.36 | none | 0.55 | n. l. | 10 | 1.0 | 10.0 | |
| Vanadium Steel | 1.83 | 1.80 | 1.96 | none | none | 11 | 30 | 2.0 | 6.7 | Vanadium Steel appears close to limit of div. possibilities. Motor Wheel has better long range prospects due to control of tire patents. |
| to Motor Wheel | 2.16 | 3.16 | 3.40 | 0.80 | 1.0 | 22 | 30 | 2.0 | 6.7 | |
| General Refractories | 3.62 | 2.79 | 2.82 | 2.25 | 3.0 | 14 | 45 | 2.0 | 4.4 | Earnings of General Refractories subject to considerable variation. Growing demand for labor and fuel saving devices augers well for future of Int'l Combustion. |
| to Intl. Comb. Eng. | 3.21 | 2.66 | n. f. | 2.0 | 2.0 | 25 | 47 | 2.0 | 4.3 | |
| Universal Pipe & Rad. Com. | n. f. | 2.96 | [6]0.33 | none | none | 24 | 37 | none | — | Universal Pipe has yet to show consistent earning power. Record erratic. New Haven showing marked recovery. |
| to New Haven | def. | 1.91 | [7]5.10 | none | none | 23 | 37 | none | — | |
| Davison Chemical | 5.76 | def. | 0.61 | none | none | 1 | 41 | none | — | Magma Copper more desirable than Davison Chemical on basis present and prospective earnings, aside from income return afforded by former. |
| to Magma Copper | def. | 2.20 | 2.41 | none | none | 18 | 44 | 3.0 | 6.8 | |
| United Ry. Invest. Pfd. | 2.44 | 4.75 | n. f. | none | none | 45 | 72 | none | — | United Rys. has low earning power. Only small div. would be justified. Liggett and Myers has stable earning power and affords an income return. |
| to Liggett & Myers "A" | 5.75 | 6.04 | n. f. | 3.0 | 3.0 | 20 | 70 | [12]4.0 | 5.7 | |
| Ginter Co. | 2.37 | 2.91 | 1.74 | 0.50 | 1.50 | 24 | 45 | 1.5 | 3.3 | Ginter Co. shares seem to have made liberal allowance for possibility of future growth. Reid Ice Cream affords better yield and has good prospects for expansion. |
| to Reid Ice Cream | 2.39 | 4.35 | 3.85 | [8] | none | n. l. | 49 | 3.0 | 6.1 | |
| Universal Pipe Pfd. | n. f. | 4.96 | 0.33 | none | 7.0 | 35 | 82 | 7.0 | 8.5 | Universal Pipe not earning preferred dividends. Shares in highly speculative position. Dodge Bros. Pfd. entitled to good investment rating. Div. well protected. |
| to Dodge Bros. Pfd. | 6.70 | 15.32 | 11.17 | [9] | [9] | n. l. | 87 | 7.0 | 8.1 | |
| Houston Oil | 3.97 | 3.93 | 2.38 | none | none | 8 | 67 | none | — | General Petroleum has much better record of earnings and financial structure than Houston Oil. General Petroleum likely to pay larger dividend shortly. |
| to General Petroleum | 5.60 | 7.20 | 5.40 | 2.0 | 2.0 | 10 | 48 | 2.0 | 4.2 | |
| Congoleum-Nairn | 4.64 | 3.78 | 1.66 | 10.00 | 3.00 | —8 | 24 | 2.0 | 8.3 | Congoleum's earnings have fallen off due to increasing competition. Armour & Co.'s recovery from packing depression has been marked and outlook is good. |
| to Armour & Co. "A" | 3.67 | 4.51 | n. f. | none | none | n. l. | 23 | 2.0 | 8.7 | |

*PLEASE TURN TO NEXT PAGE*

# Improving Your Investment Position

## 70 Practical Switch Suggestions for Investors

*(Continued from preceding page.)*

| | Earned $ per share 1923 | Earned $ per share 1924 | Earned $ per share 6 mos. 1925 | Div. $ per share 1923 | Div. $ per share 1924 | Points Advance from 1924 Low | Recent Price | Div. Rate | Yield % | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|
| Pressed Steel Car | 6.65 | 2.43 | n. f. | 1.0 | 2.0 | 19 | 58 | none | .. | Pressed Steel Car has shown unsatisfactory results in recent years. Earnings of Standard Gas steadily growing. Higher div. probable eventually. |
| to Standard Gas & Elec. | 7.75 | 6.62 | [10]8.50 | 1.25 | 2.87½ | 25 | 56 | 3.0 | 5.4 | |
| Jones Bros. Tea | nil. | def. | nil. | 4.0 | none | 3 | 17 | none | .. | Jones Bros. has poor record. Ave. annual earnings per share only 20c for eight-year period. Jewel strong in working capital. Earnings show improvement. |
| to Jewel Tea | 2.08 | 4.00 | [11]1.76 | none | none | 1 | 17 | none | .. | |
| Laclede Gas | 15.29 | 15.35 | n. f. | 14.0 | 8.25 | 83 | 162 | 8 0 | 4.9 | Both companies sound financially, well managed and expanding operations. Consolidated Gas, however, offers the better return. Prospects not so fully discounted. |
| to Consolidated Gas | 9.18 | 7.43 | n. f. | 5.0 | 5.0 | 29 | 89 | 5.0 | 5.6 | |
| Montana Power | 4.80 | 4.49 | 2.92 | 3.75 | 4.0 | 26 | 87 | 4.0 | 4.6 | Montana Power shares less attractive than Public Service of N. J. on basis of div. yield and margin of earnings over dividend requirements. |
| to Public Service, N. J. | 5.69 | 6.59 | n. f. | 4.0 | 4.25 | 43 | 82 | 5.0 | 6.1 | |
| Punta Alegra | 11.02 | 5.01 | n. f. | 1.25 | 5.00 | —3 | 34 | none | .. | Punta Alegra suffering from unsatisfactory conditions in sugar industry. Cuban-American one of lowest cost producers, better able to maintain earnings. |
| to Cuban American | 7.45 | 6.02 | n. f. | 1.50 | 2.25 | —4 | 24 | 2.0 | 8.3 | |
| Third Avenue | 1.16 | nil. | n. f. | none | none | 6 | 14 | none | .. | Dividends for Third Avenue remote. Seagrave has record of stable earnings. Holders have option of $1.20 cash or 10% stock div. If latter is accepted, shares yield 10%. |
| to Seagrave | 2.28 | 3.06 | 0.87 | [12] | [12] | n. l. | 15 | 1.20 | 8.0 | |
| Del. Lack. & West. | 7.33 | 8.35 | [7]9.30 | 6.0 | 6.0 | 29 | 139 | 7.0 | 5.4 | Del. Lack. & West. attractive because of consolidation possibilities and strong asset position at present levels but New York Central offers better oportunity and higher yield. |
| to New York Central | 16.91 | 13.25 | [7]13.00 | 6.0 | 7.0 | 22 | 121 | 7.0 | 5.8 | |
| Great Northern Ore. | 3.08 | 4.00 | n. f. | 3.0 | 4.0 | 2 | 30 | 2.0 | 6.7 | Gt. Nor. Ore has been paying out divs. to limit of income. Record of payments irregular. Chile Copper in the stronger trade position and has better long range earning outlook. |
| to Chile Copper | 3.35 | 2.59 | n. f. | 2.5 | 2.5 | 9 | 34 | 2.5 | 7.4 | |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Loose-Wiles to | 4.00 | 7.43 | n. f. | none | none | 54 | 90 | none | . . | Both issues approaching dividend class. Remington has $2 div. arrears on 2nd Pfd. but shows larger earnings and more rapid improvement than Loose-Wiles. |
| Remington Typewriter | 8.39 | 9.46 | 6.54 | none | none | 49 | 81 | none | . . | |
| Lehigh Valley to | 7.08 | 6.06 | [7]11.40 | 3.50 | 3.50 | 40 | 80 | 3.5 | 4.4 | Lehigh Valley attractive but Reading is more so both from standpoint of current income return and consolidation possibilities. |
| Reading Co. | 6.33 | 9.16 | [7]9.70 | 4.00 | 4.00 | 33 | 84 | 4.0 | 4.8 | |
| Chrysler Corp. to | [9] | [9] | 10.80 | [9] | [9] | 45 | 153 | none | . . | Chrysler's market price represents liberal capitalization of present enhanced earning power. Harvester more stable security with stronger record and promising long pull outlook. |
| International Harvester | 6.07 | 11.86 | n. f. | 5.00 | 5.00 | 54 | 132 | 5.0 | 3.8 | |
| U. S. Cast Iron Pipe to | 21.93 | 43.17 | n. f. | none | none | 104 | 168 | none | . . | U. S. Cast Iron Pipe meeting stronger competition. Market position speculative. Westinghouse has well established earning power. Benefiting from railroad "train control" developments. |
| Westinghouse Air Brake | 14.11 | 7.71 | n. f. | 6.00 | 6.00 | 48 | 132 | 6.0 | 4.6 | |
| Burns Bros. "A" to | [13]10.30 | [13]10.22 | [5]3.21 | 10.0 | 10.0 | 21 | 116 | 10.0 | 8.6 | Burns Bros. earnings show narrow margin of safety over Class A dividend. Famous Players has good record and could pay more. |
| Famous Players | 14.96 | 20.08 | 7.04 | 8.00 | 8.00 | 49 | 110 | 8.0 | 7.3 | |
| Savage Arms to | 4.79 | 7.71 | 2.84 | none | none | 35 | 67 | none | . . | Savage Arms has staged strong come-back but stock appears less attractive as non-div. payer than Pitts. & W. Va. Latter has merger prospects. |
| Pittsburgh & W. Va. | 5.06 | 4.99 | [7]7.20 | none | none | 43 | 81 | none | . . | |
| Superior Steel to | 6.22 | def. | def. | none | 3.00 | 3 | 26 | none | . . | Superior Steel has indifferent record of earnings. Outlook uncertain. Wright Aeronautical has shown good earning power. Aeronautical industry expanding. |
| Wright Aeronautical | 1.31 | 1.70 | 1.42 | 1.00 | 1.00 | 18 | 27 | 1.0 | 3.7 | |
| Columbia Gas & El. to | 3.70 | 4.41 | n. f. | 2.60 | 2.60 | 41 | 74 | 2.6 | 3.5 | Columbia Gas appears high enough on basis of present and prospective earnings. Continental Can shows larger earnings. In position to increase dividends. |
| Continental Can | 8.78 | 9.16 | n. f. | 3.50 | [1]4.00 | 34 | 77 | 4.0 | 5.2 | |
| Fleischman to | 5.70 | 6.51 | 4.03 | 3.00 | 3.50 | 71 | 115 | 5.0 | 4.4 | Illinois Central preferable to Fleischman due to higher income return and more definitely established status as investment issue. |
| Illinois Central | 13.55 | 13.31 | [7]12.20 | 7.00 | 7.00 | 13 | 117 | 7.0 | 6.0 | |
| Chicago Pneumatic to | 7.35 | 6.04 | 3.06 | 4.75 | 5.00 | 38 | 118 | 5.0 | 4.2 | Chicago Pneumatic offers small yield. Earnings do not suggest possibility of materially higher return. Allis-Chalmers earning div. by good margin. Strong in working capital. |
| Allis-Chalmers | 6.01 | 8.02 | 4.27 | 4.00 | 4.00 | 39 | 90 | 6.0 | 6.7 | |

[1]Exclusive of stock divs. paid.
[2]Years ended Aug. 31.
[3]Six months ended Feb. 28.
[4]Eight months ended Dec. 31.
[5]First quarter.
[6]Earned on preferred.
[7]Estimated earnings for 1925.
[8]Organized 1924.
[9]Organized 1925.
[10]Year ended July 31.
[11]28 weeks ended July 26.
[12]Old co. paid 10%, 1923; 13%, 1924.
[13]Years ended March 31, 1924 and 1925.
†On basis of present capitalization.
n.l. Not listed.
n.f. Figures not available.

# The Outlook for Nine Leading Shipping Stocks

## Recent Progress of Industry—Which Are Most Attractive Stocks?

DURING the past few years the shipping industry has had to contend with formidable problems. That the solution has not been as yet possible is demonstrated by the fact that in 1924 over-seas freight traffic was only 90% of 1913, and that 1925 hardly showed a better proportion. When, to the decline in freight-carrying business is added the terrific shrinkage in immigrant passenger-carrying traffic caused by the new immigration laws, it will be seen why this important industry has found it impossible to return large profits. The fact that tourist traffic and coast-wise passenger business has fared well hardly offsets the above-mentioned factors.

### A List of the Shipping Stocks Covered in This Article

| | |
|---|---|
| American International | Inter. Mercantile Marine |
| American Ship & Commerce | N. Y. Dock |
| Atlantic, Gulf & West Indies | N. Y. Shipbuilding |
| Eastern Steamship Lines | Submarine Boat |
| United Fruit Corporation | |

Of equal importance is the fact that there are too many ships for the present volume of business. Usable ocean tonnage is about 17% above 1913, whereas the total amount of business carried is less than in that year. Some improvement has been witnessed in this respect during the past two or three years. Low freight rates have put a premium on operating efficiency. Many ships have been scrapped or sold for junk, as in the case of Henry Ford's purchase of 200 vessels from the Shipping Board.

The policy of big corporations has been to eliminate chartering of tramp steamers by purchase or construction of modern type ships. Shipbuilding companies consequently have been able to derive moderate profits from this type of work.

From the above may be seen why shipping shares have sunk, though, as will be seen later on, not all have drifted to low levels.

Improvement obviously depends on a growth in ocean trade rather than on further elimination of tonnage.

The demand for tonnage is dependent upon so many different factors that forecasts are merely guesses. In general, it depends on world economic conditions. Central Europe really did not begin to recover until last year, and so far has been consuming the bulk of what it used to export. England is not enjoying a normal ocean trade, and this is the secret of the depression in that country. Many countries which formerly imported large quantities of goods from Germany and Great Britain have developed production themselves through the urge of war-time necessity. Russia, formerly a large user of ocean tonnage, still is out of the trade picture. The general impression seems to be that the volume of international exchanges is increasing and will continue to increase, but there are still many vast problems to be solved, and time has yet to heal the wounds of the World War in Europe.

On the whole, however, the recovery of shipping to a uniformly profitable basis is a matter of years and not months. Probably it will follow closely the recovery of Europe. Certainly it would be delayed by any untoward developments in the complicated and perplexing British economic situation. For several years yet competition is bound to keep rates down. But shipping will not always be unprofitable and depressed, and the shares of some of the stronger shipping companies, if bought now, probably will prove good long pull speculations. The purchaser, however, will have to be patient. The following short analyses should help in making selections.

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*INT. MERCANTILE MARINE* International Mercantile Marine, the company best known to trans-Atlantic travelers, in structure is a holding company; but minority interests in subsidiaries for the most part are unimportant. Its 108-ship fleet, of 1,153,-993 gross tons, plies 56 district services and provides the bulk of passenger service of the highest class between American and British ports. Among the lines operated by subsidiaries are the White Star, Red Star, Atlantic Transport, Dominion, Panama Pacific, American, Aberdeen and Leyland. Some of the better known liners in these services are the Majestic, Olympic, Arabic, Baltic, Celtic and Lapland.

Before the war, and prior to drastic immigration restrictions, more than half of net income was derived from passenger service, but an official is authority for the statement that at present freight and passenger service are about equal contributors. Since the management constantly is complaining about the slow development of freight traffic, especially west bound, this is an eloquent commentary upon the difficulties under which operations are being conducted. Gradual elimination of tramp ship competition and the lessened competition from the Hamburg-American Line since the war, of course, are favorable factors.

At no time during the past twenty years, except during the abnormal war period, has the company been a big earner. At present it is understood that bond interest and depreciation charges are being just about covered. In both 1923 and 1924, bond interest was earned, but there was a deficit after depreciation on steamers. In 1914, just after the beginning of the World War, Marine defaulted on its bond interest and a short and relatively painless receivership followed.

Capitalization consists of 36.4 millions of first mortgage and collateral trust 6s, due in 1941; 12.3 millions of miscellaneous obligations; 517,250 shares of $6 cumulative preferred, on which accumulated back dividends total $58.50 a share; and 498,718 shares of common, on which no dividends ever have been paid. On December 31, 1924, current assets were 35.5 millions against 21.7 millions current liabilities and the company had 24.2 millions in cash and marketable securities.

*The 6s of 1941, at 84 offer a yield of well over 7% and are an attractive business man's investment. The preferred seems years away from dividends but at 29 has discounted most of the bad things in the situation and is a reasonably attractive long pull speculation for those who can afford to assume a considerable risk. The common at 8 is entirely speculative but usually fluctuates in sympathy with the preferred.*

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*AMERICAN SHIP & COMMERCE* American Ship & Commerce is a much smaller company than International Mercantile Marine. Its most profitable subsidiary, the William Cramp & Sons Ship & Engine Building Company, 74% owned, is one of the most important

American shipbuilding companies and also manufactures Diesel engines, turbines and miscellaneous heavy machinery. The ship operating and ship owning subsidiaries, while not a burden, do not contribute any substantial amounts to net earnings, last year failing to earn depreciation. In all, two passenger ships, the *Reliance* and the *Resolute*, two combination cargo and passenger and eight cargo ships were operated, a total of 78,647 deadweight tonnage. The United-American Lines, 100% owned, through an operating agreement with Hamburg-American Lines, maintains regular sailings between New York, Cherbourg, Southampton and Hamburg.

This year the ship-operating subsidiaries probably are not earning depreciation, or at least this much is indicated by the company's statement showing a loss of $69,121 after depreciation in the first quarter even after including the earnings of the Cramp company. Cramp has several good orders and probably is showing a profit as usual, but the shipbuilding company's earnings are fair rather than good or excellent. Of course, Cramp alone, with shipbuilding depressed, cannot carry the burden of the parent company's capitalization and return good profits for American Ship & Commerce stock.

Funded debt is small, aggregating about $3,000,000; but at the end of last year bank loans amounted to $4,016,395, so interest charges are not exactly moderate. There are 591,271 shares of capital stock of no par value outstanding on which no dividends ever have been paid and on which net earnings never have amounted to more than $3.02 in any one year.

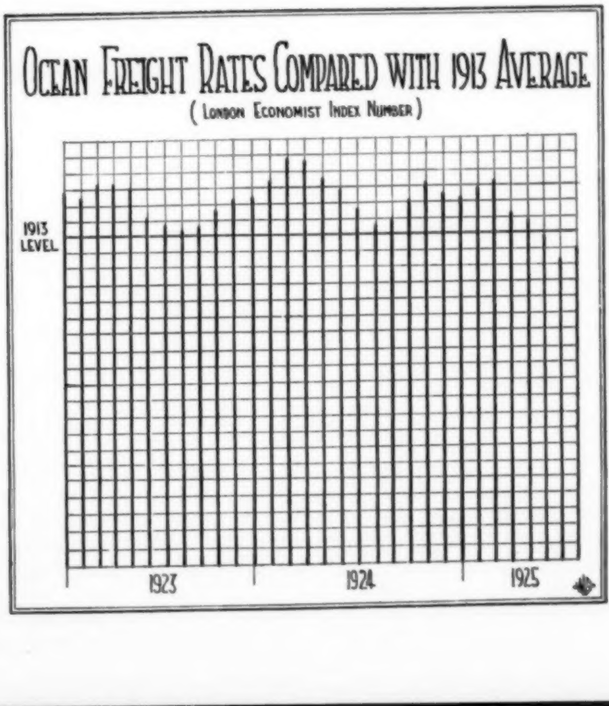
*Any substantial earning potentialities in the shipping subsidiaries are not apparent, but the long-term outlook for Cramp is quite promising. American Ship & Commerce stock is essentially a low-priced speculative issue, but seems worth more than the current price, around 6. It is obviously not suited to investors except as a frank speculation, involving a considerable risk.*

*ATLANTIC, GULF & WEST INDIES* One of the bright spots in the shipping situation is Atlantic, Gulf & West Indies. This company's steamship operating subsidiaries, Clyde Steamship, Mallory Steamship, New York & Porto Rico Steamship, Southern Steamship and New York & Cuba Mail (Ward Line), are engaged in coastwise trade along the South Atlantic coast of United States, between Gulf ports and the Atlantic coast, and operate services betwen New York and the West Indies. Subsidiaries also operate oil properties in Mexico and own prospective oil properties in Colombia. Another source of income is the ownership of a fleet of tankers.

During the war years A-G-W-I was extremely prosperous, paying regular dividends at the rate of $10 a share on the common stock for four and a half years, and at the end of 1919 having nearly $16,000,000 in cash and marketable securities. This cash balance, however, was dissipated in unfortunate, and perhaps poorly executed, oil ventures. Within two years the once rich shipping company found itself operating at a tremendous loss and on the verge of receivership. The recovery has been remarkable. It is due to the splendid business which has developed on the Atlantic seaboard, where subsidiaries are strongly entrenched, and especially to the boom in Florida. The oil ventures have been an almost uniform disappointment, but at last are more than paying their way.

Actual earnings in the first half of 1925 were equal, after interest and after allowing for dividend requirements on the 137,429 shares of 5% non-cumulative preferred stock, to $5.14 a share on the 149,634 shares of common compared with $1.94 a share on the common in the first half of last year. Recently, for the purpose of acquiring Ward Line bonds, 49,878 additional shares of common have been sold to stockholders at 50, and it is anticipated that net earnings for all of 1925 will be between $8 and $10 a share on the increased capital.

Current assets December 31st were $5,204,605 against $2,222,965 current liabilities. Financial position at present probably is a little better. *Dividend resumption on the 5% non-cumulative preferred seems near and the stock has not fully discounted this at 54. The common is not as near dividends. It has had a large advance but is still attractive.*




*AMERICAN INTERNATIONAL* American International may be regarded as a shipping company inasmuch as it has important shipping and shipbuilding investments, is engaged in foreign trade and was formed primarily to develop export and import trade. Earnings in the first half year were $2.12 a share on the 499,000 shares of combined common and preferred outstanding, both of which issues share equally in dividends up to $7 a share. This compared with $1.41 in all 1924, 54 cents in 1923 and $1.20 in 1922. In all 1925 the net easily may reach $5 a share.

Appraising the preferred at the market quotation of the common at 37 the stock market values all the assets of the company at 18.4 millions. Listed stock investments, distributed between International Mercantile Marine common and preferred, New York Shipbuilding, Pacific Mail Steamship, U. S. Rubber and Simms Petroleum on a recent date were worth 10.2 millions at going quotations. At the end of last year net working capital, partly cash and government securities, was 14.6 millions. The investment in other foreign trading companies (stocks unlisted) is substantial, and these other companies, in addition to having good long range speculative potentialities, are most all on a paying basis. It is rumored that a substantial profit has accrued through an investment in St. Louis-San Francisco common, acquired at much lower prices.

The management probably could afford to put the stocks on a $4 basis at any time, and some action in this direction may be taken now that the profit and loss deficit has been eliminated through changing the par value of the common from $100 to no par value. The common is highly sensitive to price changes in listed stock investments. *At current prices it does not seem overvalued and has some attractions as a speculation, particularly in view of the good dividend outlook.*

*NEW YORK SHIP-BUILDING* New York Shipbuilding is another shipping stock in which a bull market has been in progress. This issue now sells at around 60 compared with a low of 17 in February, a record low of 8½ in 1923 and a previous high of 50 in 1920. The move in the stock is based on the option recently granted by the majority stockholders, International Mercantile Marine, Pacific Mail, W. R. Grace & Company, and American International, to the American representatives of Brown, Boveri & Company, Ltd., electrical

(*Please turn to page* 1033)

# What Our Preferred Stock Guide Department Is Doing for Investors

WE have received so many congratulations upon the success of individual listings in the Preferred Stock Guide department that the time seems opportune to assemble the complete record of results achieved this year to date.

By way of introduction, we may remind new subscribers that this department is conducted for the benefit of the large and growing class of investors who wish to combine safety of principal and a fair yield upon investments with an opportunity to increase their capital. During a period of increasing cost of living it is in fact imperative that one's capital should appreciate in value to offset the shrinking purchasing power of fixed interest and dividend payments.

The successful selection of investment opportunities is today such a highly specialized art that the investor who undertakes to "go it alone" runs great risk of wasting his savings, after the manner of the dogged inventor who wastes his life upon a fixed idea while closing his mind to the experience and counsel of predecessors in his line.

The two tables presented herewith seem to prove conclusively that, given sufficient experience and an adequate statistical organization headed by experts, it is quite possible today to select safe investments which will appreciate in value, *when taken as a group*. Looking backward, it is of course easy to say that the few issues now showing a paper loss should never have been included in the list; but probably not one of these issues will show a final loss if held for some time longer.

We offer the tables not in a boastful spirit but to indicate that careful investment may bring financial rewards usually associated with out and out speculation.

***Complete Records, by Groups, of Total Annual Rate of Return Upon Invested Capital***

**Based on Recommendations Contained in Preferred Stock Guide of the Magazine of Wall Street**

| | y-Maximum Capital Required | Total Number of Issues Recommended | Total Number Showing Profit | Total Number Showing Loss | Annual Rate of Profit | Annual Rate of Loss | Annual Rate of Dividends Received | Total Annual Rate of Return $ | % |
|---|---|---|---|---|---|---|---|---|---|
| Sound Investments .... | $1,882 | 18 | 16 | 2 | $90 | $9 | $120 | 201 | 10.7 |
| Middle-Grade Inv. .... | 1,879 | 19 | 16 | 3 | 103 | 14 | 120 | 209 | 11.1 |
| Semi-Spec. Inv. ........ | 1,172 | 14 | 12 | 2 | 77 | 14 | 49 | 112 | 9.5 |
| Speculative Inv. ...... | 272 | 3 | 3 | 0 | 35 | 0 | 18 | 53 | 19.5 |
| Special Inv. .......... | 94 | 1 | 1 | 0 | 14 | 0 | 4 | 18 | 19.1 |
| TOTAL AND AVER. | z$5,205 | 55 | 48 | 7 | 319 | 37 | 311 | 593 | 11.4 |

y-Assuming one share of each issue purchased, except those marked "x" next page, of which two shares are assumed.
z-Assuming idle capital released from Middle-Grade Investment fund to have been utilized for the Special Investment.

It is interesting to note that, of the 11.4% average rate of return upon invested capital, 5.4% was derived from appreciation of principal and 6.0% from dividends. This is almost a 50-50 ratio. The dividend yield works out somewhat lower than might be expected, owing to the fact that a portion of the funds allocated to the four investment groups lay idle for a period through withdrawal, during the year, of more issues than were added to the table.

# Record of Profit and Loss Through Recommendations Contained in the Preferred Stock Guide of the Magazine of Wall Street

**(Jan. 1 to date.)**

## Sound Investments

| INDUSTRIALS: (c—Cumulative. n.c.—Non-cumulative) | | Present Div. Rate $ per Share | Price 12-31-24 | Recent Price | $ Gained | $ Lost | Period Covered (Months) |
|---|---|---|---|---|---|---|---|
| Mack Trucks, Inc., 1st | (c.) | 7 | 106½ | a-110½ | 4 | .. | 6 |
| General Motors Corp. | (c.) | 7 | 102 | 112 | 10 | .. | 8½ |
| Cluett-Peabody & Co., Inc. | (c.) | 7 | 102 | 106 | 4 | .. | 8½ |
| Loose-Wiles Biscuit Co., 1st | (c.) | 7 | 106 | 107 | 1 | .. | 8½ |
| Studebaker Corp. | (c.) | 7 | 114 | 116 | 2 | .. | 8½ |
| Schulte Retail Stores Corp. | (c.) | 8 | 112¾ | 113¾ | 1 | .. | 8½ |
| Gimbel Brothers, Inc. | (c.) | 7 | 104 | 104 | 0 | .. | 8½ |
| Baldwin Locomotive Works | (c.) | 7 | 116 | 110½ | .. | 5½ | 8½ |
| Endicott-Johnson Corp. | (c.) | 7 | 112½ | 116 | 3½ | .. | 8½ |
| American Smelting & Refining Co. | (c.) | 7 | 106 | 112 | 6 | .. | 8½ |
| American Steel Foundries | (c.) | 7 | 107¾ | 111¾ | 4 | .. | 8½ |
| U. S. Industrial Alcohol Co. | (c.) | 7 | 105 | 111 | 6 | .. | 8½ |
| Associated Dry Goods Corp., 1st | (c.) | 6 | 94 | 96 | 2 | .. | 8½ |
| **PUBLIC UTILITIES:** | | | | | | | |
| North American Co. | (c.) | 3 | 46⅝ | 49⅝ | x-6 | .. | 8½ |
| Philadelphia Co. | (c.) | 3 | 45⅝ | 48⅝ | x-6 | .. | 8½ |
| **RAILROADS:** | | | | | | | |
| Chicago & Northwestern | (c.) | 7 | 111¾ | 110¾ | .. | 1 | 8½ |
| New York, Chicago & St. Louis | (c.) | 6 | 89½ | 93½ | 4 | .. | 8½ |
| Chesapeake & Ohio, conv. "A" | (c.) | 6.50 | 107½ | 111½ | 4 | .. | 8½ |
| | | | | Totals | 63½ | 6½ | |

## Middle-Grade Investments

| INDUSTRIALS: | | Present Div. Rate $ per Share | Price 12-31-24 | Recent Price | $ Gained | $ Lost | Period Covered (Months) |
|---|---|---|---|---|---|---|---|
| Bush Terminal Buildings Co., gtd | (c) | 7 | 98 | 98½ | ½ | .. | 8½ |
| Coca-Cola Co. | (c.) | 7 | 99 | b-100 | 1 | .. | 3 |
| Brown Shoe Co. | (c.) | 7 | 97 | 107 | 10 | .. | 8½ |
| Bethlehem Steel Corp., conv | (c.) | 8 | 110 | c-113 | 3 | .. | 2 |
| Cuban-American Sugar Co. | (c.) | 7 | 98 | 97 | .. | 1 | 8½ |
| California Petroleum, partic | (c.) | 7 | 100 | d-120 | 20 | .. | 5 |
| American Ice Co. | (c.) | 6 | 80 | e-80 | 0 | .. | 8 |
| Armour & Co. of Del., gtd | (c.) | 7 | 93 | 96½ | 3½ | .. | 8½ |
| Allis-Chalmers Mfg. Co. | (c.) | 7 | 104¾ | 107¾ | 3 | .. | 8½ |
| Associated Dry Goods Co., 1st | (c.) | 6 | 94 | 96 | 2 | .. | 8½ |
| General American Tank Car Corp | (c.) | 7 | 97¾ | 100¾ | 3 | .. | 8½ |
| National Cloak & Suit Co. | (c.) | 7 | 100¼ | 101¼ | 1 | .. | 8½ |
| **PUBLIC UTILITIES:** | | | | | | | |
| Radio Corp. of America, "A" | (c.) | 3.50 | 50 | 48 | .. | x-4 | 8½ |
| American Water Works & Elec. Corp., 1st | (c.) | 7 | 100½ | 98½ | .. | 2 | 8½ |
| Metropolitan Edison Co., partic | (c.) | 7 | 98¼ | f-115¼ | 17 | .. | 7½ |
| Public Service Corp. of New Jersey | (c.) | 8 | 112½ | 115 | g-3½ | .. | 8½ |
| **RAILROADS:** | | | | | | | |
| Baltimore & Ohio | (n.c.) | 4 | 64¾ | 65¾ | x-2 | .. | 8½ |
| Bangor & Aroostook | (c.) | 7 | 92¼ | 94 | 1¾ | .. | 8½ |
| Colorado & Southern, 1st | (n.c.) | 4 | 62 | 63 | x-2 | .. | 8½ |
| | | | | Totals | 73¼ | 7 | |

## Semi-Speculative Investments

| INDUSTRIALS: | | Present Div. Rate $ per Share | Price 12-31-24 | Recent Price | $ Gained | $ Lost | Period Covered (Months) |
|---|---|---|---|---|---|---|---|
| Famous Players-Lasky Corp., conv | (c.) | 8 | 107 | 117 | 10 | .. | 8½ |
| Pure Oil Co., conv | (c.) | 8 | 104 | 108 | 4 | .. | 8½ |
| American Beet Sugar Co. | (c.) | h-7 | 83 | 86 | 3 | .. | 8½ |
| National Department Stores, Inc., 1st | (c.) | 7 | 101 | 97 | .. | 4 | 8½ |
| Fisher Body Ohio Co. | (c.) | 8 | 105 | a-110 | 5 | .. | 6 |
| Austin, Nichols & Co. | (c.) | 7 | 89¾ | 94¼ | 4½ | .. | 8½ |
| Worthington Pump & Mfg. Co., "A" | (c.) | 7 | 85½ | 80 | .. | 5½ | 8½ |
| Orpheum Circuit, Inc. | (c.) | 8 | 98½ | 101 | 2½ | .. | 8½ |
| International Paper Co. | (c.) | i-7 | 75 | i-90 | i-5 | .. | 8½ |
| Dodge Brothers, Inc., preference | (c.) | 7 | j-81 | 85 | 4 | .. | 1 |
| Consolidated Cigar Corp. | (c.) | 7 | j-84 | 89 | 5 | .. | 1 |
| **PUBLIC UTILITIES:** | | | | | | | |
| American Water Works & Elec. Corp., 2d | (c.) | 6 | 95½ | k-105 | 9½ | .. | 5 |
| American & Foreign Power Corp | (c.) | 7 | l-89 | 91 | 2 | .. | 3 |
| Hudson & Manhattan Ry. | (n.c.) | 5 | l-69 | 69 | 0 | .. | 3 |
| | | | | Totals | 54½ | 9½ | |

## Speculative Investments

| RAILROADS: | | Present Div. Rate $ per Share | Price 12-31-24 | Recent Price | $ Gained | $ Lost | Period Covered (Months) |
|---|---|---|---|---|---|---|---|
| Chicago, Rock Island & Pacific | (5%-7%) | 7 | 93 | 96 | 3 | .. | 8½ |
| Gulf, Mobile & Northern | (c.) | 6 | 94 | 109 | 15 | .. | 8½ |
| Western Pacific | (c.) | 6 | 85 | 76½ | m-7½ | .. | 8½ |
| | | | | Totals | 25½ | 0 | |

**SPECIAL**

Goodyear Tire & Rubber Pfd. was recommended in our issue of April 11; but never included in the table. At that time it was selling at 94, compared with a recent price of 104—a profit of $10.

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a—Withdrawn from table June 20. b—Withdrawn from table March 28. c—Withdrawn from table Feb. 28. d—Text of June 6 advised sale, and withdrawn from table June 20. e—Withdrawn from table Aug. 29. f—Withdrawn from table Aug. 15. g—Assuming rights to have been sold for $1.00. h—Stock changed, Aug. 20, from 6% non-cum. to 7% cum. i—Assuming 6% Pfd. to have been exchanged for new 7% Pfd., upon payment of $10 cash. j—Added to table Aug. 15. k—Withdrawn from table June 6. l—Added to table June 6. m—Assuming Div. of 1/6 share Com. sold for $3.25; but Div. of 1/6 share Pfd. held. x—Two shares.

# Ice Cream—A New Field for Investment

## Present Position and Outlook for Leading Companies—Movement Toward Consolidations

THE ice cream business, in many respects, is unique. It is only within the span of the past year or so that the public has had an opportunity to purchase ice cream securities even in a small way. Though these issues are consequently unseasoned, the industry has many characteristics which redeem representative stocks from the out-and-out speculative class despite their shining newness.

The American proclivity for confections is forcibly demonstrated by our per capita consumption of sugar which runs around 100 pounds per annum. Ice cream shares this popular demand but possesses a definite advantage over less substantial sweets. The product is recognized as a tissue-building substance having sound food value.

Milk, cream, salt and ice are the principal raw materials employed in manufacture, as probably every householder knows from experience. By virtue of this very fact, the inventory turnover of an ice cream producer is exceedingly rapid. The perishable nature of these items excepting salt, of course, as well as that of the finished product requires that inventories be kept down to a basis of immediate needs.

This fact precludes the danger of inventory losses and, partially at least, explains why the ice cream business failed to participate in the industrial collapse of 1920-1921. The greater part of an ice cream company's output is usually sold on a cash basis which eliminates the possibility of "frozen credits" through uncollectible accounts. Because of these factors, low inventory requirements and high percentage of cash sales, working capital requirements are relatively small and bank loans may be held to a minimum.

The business is, of course, seasonal, but the larger companies also sell dairy products which tends to compensate for this seasonal variation in some measure. Growth of the industry has been most pronounced during the past twenty years. In the last decade, sales have increased from approximately 200 million dollars yearly to about 400 millions.

The marked trend toward concentration of manufacture in the hands of large scale units that has developed only within recent months should prove a further stimulus to growth and stability. Selling prices have been relatively steady since 1920 and seem likely to be held under close control in view of this movement toward consolidation. The quality of output, likewise, is apt to be improved and kept more uniform than when production is scattered among many small producers.

By far the most important consequence of centralization, however, is the economy of operation which the large company may accomplish in transportation of raw materials and distribution of finished product. One secret of profitable operations lies in the proper location of plants in respect to centers of consumption in order to permit the rapid movement of materials.

Of course, the industry is not wholly free from adverse influences. Labor disturbances have beset individual companies. Unseasonable weather conditions may cut down sales volume and hence profits. On the whole, however, the business is one deserving consideration on the part of the investor. Of the stocks discussed below, Reid and National Dairy are active on the New York Stock Exchange. Southern and General are listed in the New York Curb Market.

*REID ICE CREAM* Reid Ice Cream is another of those American companies which started modestly and has come to assume a position of first importance in its industry. The business was founded in the late eighties with a capital of $20,000. Under guidance of the same management, the company enlarged its operations, spreading from Brooklyn to New York City and the surrounding territory, including Connecticut and New Jersey.

Reid and Castle's, the latter a subsidiary of National Dairy Products, share the New Jersey territory almost equally in respect to volume of sales. Reid also has a healthy competitor in the New York district in the Horton Ice Cream Co. These two concerns greatly overshadow all rivals which are principally small, highly localized companies.

Growth has been most pronounced in the past four or five years, during which time the company's manufacturing capacity has more than trebled.

Reid owns three modern ice cream plants located in Manhattan, Brooklyn and Newark, together with a bottled milk factory in Brooklyn. Its condensed and powdered milk requirements are all supplied by the company's own factory at Cincinnatus, N. Y., while flavors used in ice cream manufacture are made at the Newark, N. J., property. Other equipment related to the business comprises seven milk-receiving and four cold storage plants, garages and stable buildings. The recent acquisition of Polar Products Corp. with a plant in New York has added about $700,000 per annum to volume of sales.

Of the company's 90,000 tons annual ice requirements, approximately two-thirds are manufactured by its own facilities and 14% obtained from its ice pond at Monroe, N. Y. The 12,000 tons of salt consumed yearly are obtained from the Cayuga Salt Co., in which Reid has a substantial interest. This intimate control of raw material supplies permits the company to effect a considerable saving in operating expense.

In addition to ice cream, which is the principal source of revenue, the company sells bottled milk and minor items such as powdered flavors and charlotte russes. Milk is sold by wagon delivery direct to householders but ice cream sales are effected only through confectionery stores, drug stores, restaurants and the like. Reid numbers among its large customers companies such as Woolworth, National Drug Stores and Happiness Candy.

The company has operated profitably in each of the past forty years since the business was established. Consolidated net sales of the present concern rose from 6.3 million dollars in 1922 to approximately 8.0 millions last year. Net earnings suffered a slump in 1923 owing to a strike which affected all the company's plants and because of extraordinary expenses involved in relocating some of the factories.

Capitalization is made up of 2.3 millions of 7% cumulative preferred stock and 150,000 shares of no par common. These securities are preceded by 2.0 millions of 6% notes, maturing July 1, 1930, and $129,000 real estate and purchase money obligations. Working capital as of May 31, 1925, stood at $960,279.

Net profits during the first half of the current year were at the rate of $3.85 a share for the common which received an initial quarterly dividend of 75 cents in April. *The wide margin of safety over current dividend requirements, together with the likelihood of steady growth augur well for the speculative prospects of the common shares which are obtainable around 49 a share to yield 6.1%. The preferred stock at recent prices around 96 affords a return of 7.3%. The issue is an attractive investment.*

*NATIONAL DAIRY PRODUCTS* National Dairy Products, organized in December, 1923, acquired the common stocks of two companies whose history

constitutes a chapter in industrial romance. The Reick-McJunkin Co. grew out of an initial $360 investment of the present chairman of National Dairy Product's board of directors. Starting in 1881 with a horse and wagon operating over a single milk route, the business grew to formidable proportions. Over 40 million quarts of milk and cream are now distributed to families and grocery stores in Western Pennsylvania and Eastern Ohio.

### Market Price of Four Ice Cream Stocks

| | Mkt. Price | Div. Rate | Yield % |
|---|---|---|---|
| General Ice Cream | 44 | 0 | 0 |
| National Dairy Prod. | 67 | 3 | 4.5 |
| Reid Ice Cream | 49 | 3 | 6.1 |
| Southern Dairies "A" | 53 | 0 | 0 |
| Southern Dairies "B" | 34 | 0 | 0 |

The ice cream division of this company has an equally interesting record. In 1898, a single 10-gallon tub freezer and one delivery wagon set out to supply the cravings of a limited clientele. From this small beginning, the Reick-McJunkin Co. has become one of the largest ice cream manufacturers in the United States, owning and operating ice cream and milk plants in Pittsburgh and other points in Pennsylvania. Maximum capacity of the ice cream division is 40,000 gallons daily.

Hydrox Corporation, second of the original National Dairy units, fell heir to a business established in 1888 which was engaged in the manufacture and distribution of distilled water, ginger ale and other beverages. As with Reick-McJunkin, ice cream was added as an afterthought but subsequently became the mainstay of the business. This subsidiary dominates the Chicago district, selling more than double the volume of ice cream of its nearest competitor.

The Hydrox division of the present National Dairy Products organization has shown a consistent and progressive increase in yearly sales. The Reick-McJunkin Co. has an almost equally striking record, sales having gained over each preceding year with the sole exception of 1921.

Since National Dairy was organized, it has pursued a policy of aggressive expansion. Through the exchange of its own common stock for common stocks of the J. T. Castles Ice Cream and Castles Ice Cream companies, National Dairy extended its field of operations to New Jersey in 1924. In the same year, Hydrox purchased the Durkin Ice Cream Co. with a plant at Waukegan, Ill. and Reick absorbed the W. E. Hoffman Co. with plants in four Pennsylvania cities.

Since the first of the year, additional acquisitions of the parent company and its subsidiaries have broadened the sphere of activities to cover other areas in districts adjacent to those previously served.

National Dairy has thus risen to the front rank of companies in its group with gross sales in excess of 20 million dollars per annum. Comparison of earnings is complicated by the swift changes in the company's holdings, but it is pertinent to observe that combined earnings of the Hydrox and Reick-McJunkin companies increased from the equivalent of $2.53 a share in 1919 to $5.08 a share in 1923 for the 270,000 shares of National Dairy common stock then outstanding. Including earnings of the Hoffman and Castles companies, net last year was at the rate of $6.10 a share. For the first six months of 1925, the company earned $3.05 a share on the present 329,883 shares.

Financial position is strong with current assets of 3.72 million dollars against 1.39 millions of current liabilities. With exception of $499,000 subsidiary company mortgages, there is no funded debt nor preferred stock ahead of the common.

*Although the latter issue is now selling around 67 to return but 4.5%, National Dairy's position and its policy of solid expansion indicate that the shares still have speculative possibilities for the holder who is willing to forego a large income return during the period of development.*

*GENERAL ICE CREAM* General Ice Cream is a recent entry in the field which was organized to consolidate ten individual ice cream companies covering practically the whole of New York state outside the metropolitan area. The individual plants serve, among others, such large cities as Rochester, Syracuse, Buffalo, Schenectady and contiguous territory.

Aside from the ten manufacturing plants, General Ice Cream owns and operates eight distributing stations, two cold storage, three ice-making and two condensed milk plants, together with four creameries. Other properties and equipment include milk gathering and distributing stations, machinery and the like, essential to the proper conduct of the business.

Aggregate sales of the constituent companies amounted to more than 3.78 million gallons of ice cream last year but the capacity of the plants is in excess of 6.0 million gallons per annum.

The company has 1.5 million dollars of ten-year convertible 6½% debentures maturing July 1, 1935. This issue is redeemable at 105 after January 1, 1926, the premium decreasing ¼% every six months thereafter. These debentures may be converted into common stock in the ratio of 25 shares for each $1,000 face value of debentures.

Common stock capitalization consists of 142,000 shares of no par value outstanding. Financial position is sound. At the close of 1924, current assets amounted to 1.20 million dollars compared with $439,843 current liabilities.

As shown by the table herewith, consolidated earnings of the merged properties fell off somewhat last year in comparison with 1923, due to an unseasonably cool Summer. Net profits, however, have averaged $4 a share annually for the present common stock and sales this year have shown considerable improvement over 1924.

*At recent quotations around 44, the common stock (quoted on the New*

*(Please turn to page 1029)*

### Statistical Comparison of Four Ice Cream Companies

| Company | Net Sales (Millions of Dollars) 1922 | 1923 | 1924 | Net Income (Thousands of Dollars) 1922 | 1923 | 1924 | Working Capital (Millions) | Bonds | Capitalization (Millions) Pfd. Stock | Common Stock |
|---|---|---|---|---|---|---|---|---|---|---|
| General Ice Cream | * 6.50 | * 7.69 | * 6.95 | * 539 | * 648 | * 537 | 764 | 1.50 | none | a3.09 |
| National Dairy Products | *14.08 | *13.57 | *20.18 | *1,015 | *1,371 | *1,667 | 2,339 | c0.49 | c6.19 | b6.34 |
| Reid Ice Cream | * 6.30 | * 7.50 | *† 8.00 | * 847 | * 550 | *1,200 | 961 | 2.13 | 2.30 | d2.28 |
| Southern Dairies, Inc. | ‡ 5.04 | ‡ 5.98 | ‡ 4.39 | ‡ 641 | ‡ 489 | ‡ 642 | ‡868 | none | e | f |

*Consolidated earnings of constituent companies.
‡Chapin-Sacks Corp.
†Last quarter estimated.
a—Represented by 142,000 shares.
b—Represented by 330,000 no par shares.
c—Obligations of subsidiaries.
d—Represented by 150,000 no par shares.
e—110,000 shares participating class A.
f—200,000 shares class B.


# How To Invest—No. II

"KNOW what you are buying!" is a tattered old dictum, to be sure; but, like many injunctions which have passed into the language, its significance has become dimmed and all too many Income Builders have forgotten — or never understood — its full meaning.

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To know what you are buying does not consist, merely, in memorizing the name of the issuing company, the last 5-years' average of earnings per share and a few other straggling facts. It includes an understanding of the nature of the company's business, carried deep enough so that, given a certain trend in economic conditions, you may gauge, pretty accurately, what your company's results will be. It includes familiarity—personal or impersonal—with the company's management, and a correct rating of the degree of confidence which that management merits.

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The financial position of the company—in fact, not in effect; the merits of its products; its standing in the trade and relations with dealers, agents and employes: All these are sub-headings in a skeleton outline of an analysis such as actually constitutes a *complete* knowledge of a given company's affairs.

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Some speculators have scored great success in market dealings by learning all there was to know about one or two companies, and trading exclusively in those companies' shares. The plan commends itself to investors. It spells the difference between the dilletante who substitutes guess work for judgment and the specialist who knows what he is about—and makes that knowledge pay.

# B Y F I's Prize Contest

***The Rules Surrounding It—Some Suggestions for Intending Entrants***

ANOTHER year has rolled by, and the time has come for BYFI'S 1925 Prize Contest.

The BYFI Prize Contest, newer readers may be informed, has become an annual event. Each year of the last four, at about this season of the year, the Income Builders' Department of THE MAGAZINE OF WALL STREET has held a contest, in which readers—steady or casual—have been invited to take part.

The Editors—who are the judges—look for an unusually successful contest this year. For one very tangible and material reason, the prizes are bigger. A First Prize of $100, a Second Prize of $50 and a Third Prize of $35 are the amounts which will be forwarded to the most successful contestants.

The effort has been to impose as few restrictions as possible upon entries in the contest. There are no space limitations—or requirements; a contestant may write as much, or as little, as he chooses. Subjects are not handed out and readers required to abide by them; the prize-award—or one of them—may go to the writer of an article upon a subject never before covered in this Magazine, or it may go to the writer of an article upon a subject covered here many times before.

Contestants are not bound by rules of style, nor by other rules concerning their own personal circumstances, careers, ages or what-not. Any reader may submit an article, for consideration, and every article submitted will receive the same careful consideration as every other.

***How To Be Eligible In the 1925 Contest***

*(1) Write an article, of any desired length, which, in topic and style of treatment seems to you suitable for publication in these columns.*

*(2) Get your article to the BYFI Department on or before Monday, Oct. 26, 1925, and address it as follows:*

*1925 Prize Contest*
*c/o The Magazine of Wall Street*
*42 Broadway*
*N. Y. City*

The one set requirement, that articles must be suitable for publication in these columns, should cause no uncertainty and offer no barriers. The BYFI Department covers every phase of a man's or woman's financial life, from the time he first drops coins into a penny bank to the time when, with independence attained, he sits back and reviews a constructive, productive and successful career. In between those two extremes lie themes in abundance about which to build a story—fiction or fact; every reader should find there at least one subject which he or she is equipped to cover.

Those who believe that it might be a means of insight into the preferences of the judges will probably look up, and read, the prize-winning articles in previous contests. Such persons should consider the following: Previous prize-winners were prize-winners in *previous* contests; the same type, or types, of articles submitted in this present contest might not fare so well.

In other words, don't judge by what has gone before. The prize winners in each contest are the best articles submitted *in* that contest. As such, they may be totally different from anything previously published.

At the same time, it would be idle to suggest that the editors do not entertain *any* preferences. Naturally, they have their own ideas of what this publication should be. Wherefore, it would not be time lost to glance over several back-copies of THE MAGAZINE OF WALL STREET, especially noting the articles given the most prominence—or "played up" most—in each issue.

The fact that the contest is not limited to subscribers of the Magazine may be emphasized. You are privileged to take part in the contest, even if this issue be the first you have ever held in your hands.

Here are some pointers:

It takes about 1,300 words of text-matter to fill one page of The Magazine.

An article which is accompanied by illustrative matter—tables, charts, etc.—is much more complete, generally speaking, than one which consists of text-matter alone.

All of us are human, including the judges of this contest; and it is not human nature to be drawn

(*Please turn to page* 1031)

# A Story of a Self-Made Man

## *How He Built Up One of the Most Successful Businesses of Its Kind, Starting in With $75*

BY JOSEPH ASHMAN

*The writer of this true story has given readers of BYFI a plain, unvarnished account of his career from nothing to wealth.*

*A skilled writer would have had difficulty in writing a more inspiring article; and his article would have been fiction, whereas this is fact.*

MY story began with the sale of a colt for $75, given me by my father and investing the proceeds in a course of bookkeeping at a business school.

My first job was at the age of 18, with compensation fixed at $7.50 per week, with three men in the office having precedence who had served the company from 12 to 25 years and whose salaries averaged $12 per week, each.

The prospect was not alluring for one who sought a future income of any size, but as I look back over the period I remember having day dreams of some day becoming a partner in some similar enterprise. I did the very best I could, saved my money and, at the end of the year, I had an offer to go with another concern at $40 per month.

My boss raised me, then, from $7.50 per week to $1,000 per annum which, after the second year, was raised to $1,400 per annum, with a promise of a partnership.

At the end of five years, I decided to get in a location close to the raw material, so I went from an eastern state to the middle west to seek a connection in the same line of business with a tight little German whose business showed possibilities of good development, if pushed. He refused to consider the plans for building up the business which I offered him; refused, even, to employ me at a salary. I was determined, however, and finally got him to consent to let me come in and work for him *for nothing.*

I managed to get in on that basis, and worked for him for six months before he broached the subject of compensation.

### *Buying a One-third Interest*

By the end of five years, I decided I was making too much money for him, in comparison with what I was getting myself, and persuaded him to sell me a one-third interest in a branch plant which was losing money for him. Thus, at the end of 10 years' effort, I realized my ambition of becoming financially interested in a business. That was 22 years ago.

The business became the leader of its kind in the country and out of about 50 similar concerns doing business at that time, scarcely more than 10 are left today. I have paid my stockholders in dividends twenty times the capital invested and the net assets today invested in the business have grown at least at the same rate.

In the meantime, the concern with which I was first associated got into financial difficulties, and I was solicited to go back there and take a half interest in the business without cost. I declined, but later did buy it outright as a branch operation of my own company, and at a low price. By one of those strange upheavals in human experience my boss who gave me my first job at $7.50 per week became one of my lieutenants.

I am writing this history, not to claim any extraordinary business acumen, for I have none, but to endeavor to emphasize the point that any young man of ordinary intelligence can find the way, if he wants to, of becoming an owner or partner in a business and that the greatest rewards for honest effort come from a direct financial connection with your business. Also, to drive home the truth that a young man should stay with only one line of business and that it makes no difference what that line is, nor how uninviting or highly competitive it may be, there are bound to always be some men in that business who will make good. The only question is whether the young man will pay the price of success in energy and intelligent thought.

### *My First Security Investment*

My first financial investment was in a 2% Government Bond of $50 denomination. My second was in one share of Building & Loan stock, and in this connection let me say here that I have never been without Building & Loan stock since. I consider it the premier investment for monthly savings. My third investment was in a Bank stock, which I have since built up to a considerable size, and these are worth as a whole 2½ times their original cost, in addition to having paid me regular dividends.

I have made some money in Real Estate, but it gives more worry, in my opinion, than any other form of investment I know, and my advice to any young man would be to stay clear of real estate, unless he has some natural aptitude, or talent, in that direction.

Of course, every man should own his own home.

I have never found large profits in any investment other than Banks, or manufacturing organizations in which I am heavily interested. In a few instances, I have been persuaded to go into some new thing which promised a large return, but which proved disastrous. I feel quite certain that, on the law of averages, an investor should keep away from new and untried industrial undertakings, unless he is to be active in their management. The ground floor plan of investing money is a poor one for the average individual.

The ideal investment for the average man, in my opinion, is a good bond or a good mortgage. Possibly as much as one and one-quarter million dollars has gone through my hands for myself and for the estate of my former part-

*"I am now 50 years old. My story covers a period of 35 years of honest, constructive effort to make a success in life for myself and a profitable investment for my stockholders."*

ner in bonds and mortgages, without a single loss.

*Underestimating Savings*

My experience is that most men feel that 5% or 6% is of little value toward building a future income, and that $25 saved per month is too small to bother with. Such men cannot comprehend the statement made by BYFI that this sum, invested monthly for 20-40 years at 6% and compounded semi-annually will have grown to $50,000—which means financial independence to most men, and of which only $12,235.20 is principal, while the rest is interest.

I have talked to scores of young men about investing in Building & Loan shares, and many of them say if they could afford to carry 25 to 50 shares it would be something worth while, but that 5 or 10 shares are beneath any one's notice. Yet, in my own case, the fact that I started investing in this small way the first year I entered business life was all that enabled me to get into a business of my own.

*"Are you able to save money? If not, drop out. The seed of success is not in you."—James J. Hill.*

I have always lived in small towns, and may be a small town man with a small town viewpoint, but from the experience I have had sitting on Boards of financial institutions, I have arrived at the following conclusions:

Many men fail because they set no limit to their going into debt, and the interests toll consumes their principal.

Others are too fearful of debt, and will take no chances—not even making investments which they could save through their income.

Still others fail because they invest in anything that is presented to them, and which promises extraordinary profits.

A lady came to me the other day to ask my advice on a certain investment she was thinking of buying and incidentally informed me that her husband, a physician, recently deceased, had left her about $30,000 in worthless stocks, and nothing else except a mortgage on the home. In spite of that experience, the idea was strong in her mind that she ought to get something to yield more than a safe return because she needed the income.

### How a Successful Business Man Has Invested His Money

| | |
|---|---|
| Stocks in Own Business | 40% |
| Bonds | 25 |
| Bank Stocks | 12½ |
| Real Estate | 12½ |
| Mortgages | 7½ |
| Miscellaneous Stocks | 2½ |

*Going Into Debt*

I would not leave the impression that it is unwise to go into debt. Any active man should find it to advantage to borrow money, but some men borrow money with the idea of using their credit as permanent capital in their undertakings.

In my own business, being located in a country town, the local banks could not take care of the needs of the business and it was necessary to build up a credit with outside banks. This was done first among country banks of my acquaintance, then with brokers; but in course of time some of the big banks in the city solicited the account for permanent connection, and furnished a line of credit ample for our needs, which happens to be three times the capital originally put in.

Personally, I have seldom been out of debt, have never been refused a loan and in my younger days used to feel that the banks were rather liberal in their extension of credit.

I am now 50 years old. My story covers a period of 35 years of honest, constructive effort to make a success in life for myself and a profitable investment for my stockholders. My experience has been that it is easy to save money and easy to invest it safely. Also, that it's easy to make money in business if a man can look after it himself, but easy to lose it if he's too far away and unable to control the acts and judgments of lieutenants. The mistakes I have made have been largely in the judgment of men.

My investments range as follows:

40% in stocks in my own business.

12½% in bank stocks—institutions in which I am now either an officer or director.

25% in Bonds.

12½% in Real Estate.

7½% in Mortgages and Bonds.

2½% in Stocks.

Of the Bonds, the major portion are Municipals, and range from Direct Obligation issues in medium-sized cities, School, Road, etc., down to District Improvement obligations.

My annual income is today more than I formerly dared hope would be my total net worth when I started to create my financial estate. I've hit the line hard, and done my best. Some men could have done better under the same conditions, but I never got anything except what I *saved* for and *fought* for. I take a pardonable pride in my results simply because the effort has been of value to myself and others. I have made a good many friends with the proceeds of that sale of a $75 colt.


*My experience has been that it's easy to make money in business if a man can look after it himself.*

# Using the Quota or "Bogie" to Build Income

### *How One Family Has Followed This Method With Success*

By H. H. L.

**Six Years of Progress**

| | Jan. 1, 1919 | Jan. 1, 1920 | Jan. 1, 1921 | Jan. 1, 1922 | Jan. 1, 1923 | Jan. 1, 1924 | 11 months Dec. 1, 1924 | Conservative Present Value |
|---|---|---|---|---|---|---|---|---|
| Preferred Stocks ..... | $ 818.00 | ........ | $ 250.00 | $ 800.00 | $1,313.13 | $ 928.13 | $1,488.13 | $1,765.00 |
| Common Stocks ...... | 1,319.38 | 1,305.00 | 2,030.63 | 778.13 | 1,145.63 | 1,145.63 | 910.38 | 753.00 |
| Liberty Bonds and War Stamps ........ | 884.00 | ........ | ........ | ........ | ........ | ........ | ........ | ........ |
| Savings Bank Deposits. | 200.00 | 2.39 | 2.39 | 54.79 | ........ | 71.37 | 547.39 | 547.39 |
| Paid in Life Insurance (Endowment) ....... | 689.33 | 734.15 | 88.04 | 176.08 | 264.24 | 352.40 | 440.52 | 440.52 |
| Real Est.—Build. Lots | 300.00 | 300.00 | 300.00 | 2,080.90 | 2,080.90 | 300.00 | 300.00 | 300.00 |
| Real Estate—Residence (Home) Equity...... | 3,193.00 | 3,650.00 | 3,884.70 | 4,044.70 | 4,504.70 | 3,744.70 | 3,724.70 | 8,724.70 |
| Real Estate—First Mortgage on Residence........... | | 2,914.30 | 2,691.22 | 2,452.03 | 2,195.54 | ........ | ........ | ........ |
| Real Estate—Residence (Built for Sale) Eq........ | ........ | ........ | ........ | ........ | ........ | 6,370.35 | 7,730.90 | 8,750.00 |
| Total ............. | 7,403.71 | 8,905.84 | 9,246.98 | 10,386.63 | 11,504.14 | 12,912.58 | 15,142.02 | 21,280.61 |
| (2 in family) Savings.......... | | 1,502.13 | 341.14 | 1,139.65 | 1,117.51 | 1,408.44 | 2,229.54 | ........ |
| Quota ........................ | | 1,000.00 | 500.00 | 1,000.00 | 1,000.00 | 1,200.00 | 1,200.00 | ........ |
| Salary ........................ | | 2,295.00 | 2,675.00 | 3,000.00 | 3,000.00 | 3,250.00 | 3,025.00 | ........ |

IN order to be really successful in saving, it is necessary that one be interested in some way or other. There should be some objective to look forward to. Some save money by buying a home on the installment plan—others buy building lots. Bonds, stocks and other securities may be purchased on terms. Or one may open an account in a savings bank with the idea of accumulating a given amount.

Six years ago, I determined on the plan of making an estimate the first of each year, of the total amount which could be reasonably saved during the year. This amount I termed my "quota" or "bogie." As I have been employed on a flat salary basis, this amount could be very accurately determined.

At the end of every three months or quarter, I made up a statement listing my holding and showing my equity in same. The total of this statement represented what I was worth at that time exclusive of personal property such as household furniture, musical instruments, jewelry and the like. I would also exclude the family automobile which often prevents one from giving the proper attention to the matter of laying aside a portion of one's income for the future.

Some might prefer to make this statement up monthly; however I have followed the rule of making it up not oftener than quarterly for the reason that in certain months of the year there are heavy expenses to be met such as taxes, life insurance, doctor's bills, etc., and it is hard to keep up the "quota" on a monthly average. On the other hand, if the statement is made up on the quarterly or even semi-annual basis, favorable results would be shown whereas some of the monthly reports would look rather discouraging.

Upon making up the quarterly statement, the total of the previous quarterly statement would be subtracted from the total of the current statement, the difference being the total amount saved for the quarter. This amount should equal one-fourth of the "quota" or "bogie."

If I found that I was going behind my quota, an effort would be made to cut down expense on such items as clothing or to plan on taking a less expensive vacation during the summer. Or on the other hand, if I was successful in earning extra money or securing an increase in salary, it would not be necessary to cut down the expense.

Shown herewith is a statement on which it may be seen that starting out with a total of $7,403.71 on January 1, 1919, the savings holdings were doubled in six years, being increased to $15,142.02. The amounts as shown in the statement represent the amounts paid and not the actual values of the stocks and other property at the end of the year—in other words, paper profits are excluded. However in the last column, conservative values have been shown of the holdings as of December 1, 1924, total value of holdings amounting to $21,280.61, nearly three times the total amount of $7,403.71, six years ago.

Down at the bottom of the statement is shown for each year, the total savings, quota and salary. It is also noted that there were two in family. The decrease in saving for the year

*(Please turn to page 1024)*

# The Insurance Question-Box

## *Readers' Problems Analyzed and Discussed*

By FLORENCE PROVOST CLARENDON

### *MARRIED—39—TWO CHILDREN*

#### *Carries $6,500 Insurance and Knows He Should Take More*

*I always enjoy reading your page in* THE MAGAZINE OF WALL STREET, *and would like to have you give me a few suggestions.*

*I am married, 39 years old; two children, one four and the other one. At present I am receiving about $2,800 per year, plus a few extras.*

*Have the following insurance:*

*$5,000 in the Bankers Life Co. of Des Moines paid up at age of 70 (double indemnity and total disability).*

*$1.500 15-payment life in the Northwestern Mutual Life Ins. Co., dated June 10th, 1911. This will soon be due. Would you advise me to cash in on this policy or carry the paid up insurance?*

*I also carry a sick and accident policy $1,500. $100 per month benefits (Times Ins. Co. of Milwaukee).*

*I know I should have more insurance, and would appreciate very much any suggestions as to what would be the best protection at this time.—A. L., Niagara, Wis.*

You are at present under-insured, and I would advise that you carefully consider the advisability of increasing your present coverage by an additional $10,000—preferably on the 25-Payment Life plan. Under this form all premiums would be paid on your attaining your 64th year, and they would run over that period of your life when your income would normally be rising to its peak. They would cease at a time when most men desire to be free from the responsibility of premium payments. In a non-participating company, this $10,000 policy would cost, at your age, $272 yearly.

I would advise you to carry your 15-Payment Life Policy for $1,500 as paid-up insurance. You will continue to receive dividends on the paid-up policy, and these may be used with advantage to purchase paid-up additions—thus increasing the fund for your beneficiary.

In event of your death, it is quite possible that the proceeds of this $1,500 policy might be completely absorbed in meeting sickness, medical, nursing, and other expenses incidental to the passing on of the breadwinner of the family. Thus there would be but $5,000 life insurance left for family maintenance under your present coverage.

It would be preferable for you to arrange that the proceeds of the $5,000 policy be paid to your beneficiary as income over a period of ten years. The additional $10,000 coverage suggested could be paid to your wife as a life income—guaranteed under the policy option for 20 years certain, and for her life thereafter. Thus if she died after receiving but 10 annual income payments, the remaining 10 guaranteed payments would be commuted and paid to her estate. The income would be paid to her direct, however, so long as she might live—for 20, 40 or more years. This arrangement relieves the beneficiary of the responsibility of seeking investment.

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### *FOR A COUPLE—AGED 42*

#### *They Are Thinking of Insuring Through an Annuity Form*

*I have read your articles in* THE MAGAZINE OF WALL STREET *with interest.*

*Please explain more fully the three reasons given under heading, "Are You Ageing?" for annuity insurance. The explanation will no doubt give rates and other information regarding an annuity.*

*My husband and I, aged forty-two, are endeavoring to build up an estate and shall appreciate any information.—(Mrs.) L. W. B., St. Petersburgh, Fla.*

You and your husband are in the prime of life now, and while you should be building up a fund for your old age, it is also necessary that life insurance protection be carried in sufficient amount to provide maintenance for you in the event of your husband's untimely passing on.

The annuity returns at such comparatively young ages as your husband's and your own, are not particularly attractive, but as you approach age 60 or 65 the figures become much more favorable and at such ages investment in an annuity would be advantageous. I would, therefore, suggest that your husband build up an estate by means of life insurance and other conservative investment, with the thought of purchasing a Joint and Survivor Annuity when you are both approaching age 65. (I assume from your letter that you are of the same age.)

You have not mentioned your husband's present income, nor how much insurance and what estate through other sources he has already accumulated. It is a little difficult, therefore, to advise you more definitely regarding your plans in saving for an Old Age Income. A 25-Year Endowment on your husband's life taken at age 42 would cost about $35 per $1,000 in a non-participating company — about $43.15 in a participating company. A $10,000 policy on this form would yield its proceeds at age 67 (in this case), and if the sum were used to purchase a *Joint and Survivor Annuity* at that time, present returns under first-class Old Line Companies indicate an annual income of about $800. This would be payable throughout the joint lives, and for the remaining lifetime of the survivor. If you wished to purchase the annuity at age 65, say, you could take the cash value of your $10,000 Endowment in its 23rd year,

(*Please turn to page* 1038)

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# BYFI'S Recommendations Table

(For Small Investors)

| $100 Bonds | Recent Price | Yield to Maturity |
|---|---|---|
| Hudson & Manhattan 1st & Ref. 5s, '57 | 91 | 5.60 |
| St. L. & S. F. R. R. prior lien 4s, '50 | 77 | 5.75 |
| U. S. Rubber 5s, '47 | 89 | 5.85 |

| Preferred Stocks | Per Share Dividend Rate | Recent Price | Yield |
|---|---|---|---|
| Cluett Peabody | 7 | 106 | 6.60 |
| American and Foreign Power | 7 | 91½ | 7.60 |
| American Smelting | 7 | 112 | 6.30 |
| Radio Corp. | 3½ | 50 | 7.20 |
| Schulte Retail Stores | 8 | 113¾ | 7.00 |

| Common Stocks | Per Share Dividend Rate | Recent Price | Yield |
|---|---|---|---|
| American Tel. & Tel. | $9 | 142¼ | 6.20 |

# Mining

*Kennecott Copper Corporation.*

# Kennecott Slated for Increased Dividends

## Earned Full Year's Dividend in First Half of 1925—Outlook for Stock

KENNECOTT COPPER is an incontrovertible argument in favor of big capital. For without big capital the Kennecott Corporation, as we know it today, would have been impossible. It represents the greatest copper mining group assembled under one corporate title. Regarded collectively it is the greatest producer of copper in the world, although Utah, its largest producer, is overtopped in production by both Chile Copper and the Katanga mines in South Africa.

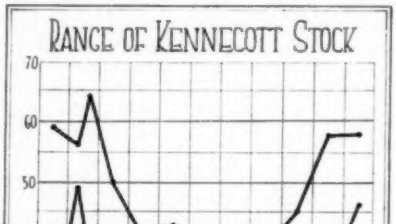
Kennecott has a controlled production of approximately 600,000,000 lbs. of copper per annum, although it has never attained that total and is not likely to unless there is a sustained improvement in the copper market.

The only copper companies which can be classed with Kennecott are Anaconda and the Katanga properties already mentioned. Both of Kennecott's rivals, but not peers, are also assemblages of copper properties, but Anaconda, unlike the other two, has branched out extensively in the fabrication of metals and is now a Siamese twin, half a mining company and half a manufacturing company.

Kennecott has other claims to fame in addition to the fact that it produces more copper than any other company. For one thing it was developed by the greatest mining entrepreneurs in the world—the Guggenheims—and its financial backing is that of the world's greatest banking house, J. P. Morgan & Co. With such direction and such backing Kennecott would seem to be set for a long and prosperous career and such has been its record to date.

The story of the present Kennecott is the composite story of the original Kennecott, Braden Copper Co., Utah Copper Co., Mother Lode, Copper River & Northwestern Railway Co. and the Alaska Steamship Co. With the exception of Mother Lode, of whose stock Kennecott owns approximately 51%, Kennecott owns practically all the outstanding stocks of the other companies mentioned. From the viewpoint of diversification of operations, Kennecott leaves little to be desired for its mines are situated in Alaska, Utah and Chile, S. A.

The present Kennecott Copper Corporation was incorporated in 1915 under the laws of New York, acquiring all the property of the Kennecott Mines Co. and the Beatson Copper Co. (Alaska), which companies were subsequently dissolved. There is an interesting legend that the original Kennecott was discovered by a fagged-out prospector who had wandered into the icy heart of Alaska and had lain down to rest at sundown of an evening. As he rested, wondering if his was to be the fate of 99 out of a 100 seekers for treasure, his eye was caught by a dull glow across the river on the side of a mighty cliff where the last rays of the setting sun were lingering. The next day he made his way with the greatest difficulty to the spot and discovered, so the legend has it, the fabulously rich outcrop of copper ore which was to constitute the basis of the Kennecott Mines Company. The only trouble with this story is that it lacks substantiation.




The real facts of the case are that in the early sixties Robert Kinnecott explored Russian America (later Alaska), for the Western Union Telegraph Co., with the purpose of establishing land telegraphic connection between the two continents of Asia and North America. In those days submarine cables were unknown. One Chief Kikolai, a potentate of the Taral Indians of Alaska, learning in conversation that the white men where interested in copper, told them of a wonderful copper outcrop four days journey distant seven miles east of Kennecott Glacier. This led to the discovery of the Kikolai mine. The great Bonanza mine was later discovered by accident. Perhaps in the discovery of the latter the story of the weary prospector finds its basis. At that time, however, those mines might just as well have been at the North Pole. For they lay in the heart of a rugged and wild country many miles from the sea. The Bonanza mine began shipping in 1911 after the Guggenheims, with Morgan backing, had spent upwards of $28,000,000 in constructing the Copper River Railway from Cordova on the seacoast to the properties.

Little has ever been said officially about the extent of the Kennecott ore bodies, the reason being perhaps, that it is impossible to chart their life. It is known that they are very rich and their length of life is comparatively short, eight years being estimated by some as being the limit. Experience has shown, however, that it is fruitless to speculate on the life of mines where it is not possible to definitely delimit the ore bodies. At all events, Kennecott has nothing to worry about for its two great vassals, Braden and Utah, have hundreds of millions of tons of ore in sight with more, doubtless, at depth. Together Utah and Braden have upwards of 590,000,000 tons of developed ore or approximately 40 years life at last year's rate.

Kennecott began its expansion program, by acquiring the Braden properties. In 1915 it acquired control of Utah by offering to exchange its stock for Utah stock on the basis of 1¾ shares of Kennecott for 1 share of Utah. The offer has been renewed several times until now practically all of the outstanding Utah stock has been exchanged for Kennecott stock. Then followed the acquisition of 51% of the stock of Mother Lode.

The Copper River & Northwestern Railway Co. and the Alaska Steamship belonged to the original Kennecott and are complementary to the company's Alaska operations. Kennecott owns all the 500 shares of the Alaska Development & Mineral Co. formed to hold the 51% of Mother Lode which Kennecott acquired.

Until this year Kennecott has always been regarded as an operating and holding company owning and operating the Alaska and Braden properties and holding a large interest in Utah and Mother Lode. As practically all of Utah's stock is now in the Kennecott treasury, Mother Lode is the only remaining company with any measurable degree of stock not owned by Kennecott. The latter will be able to present this year for the first time a consolidated balance sheet which will include all its properties except Mother Lode.

Thus it will be seen that Kennecott now has four main sources of revenue, the Kennecott properties in Alaska, Utah Copper, Mother Lode and Braden. The Alaska Steamship Co. operates a fleet of steamships between Puget Sound ports and various ports in Alaska. Last year it reported a gross of $4,167,469 and a net income of $540,539. Undivided profits totaled $1,397,098 on December 31 last. The Copper River Railway reported revenue from operations of $1,557,374 last year and an operating gain of $376,694.

In the tabulation accompanying this article showing Kennecott's earnings since incorporation, the significant figures are those in the third column showing Kennecott's total income, since those figures include not only the income from the company's own operations, but the dividends paid into its treasury by the companies which it controls. It will be noted that the company made huge profits during the war period especially in the three years 1916-1918 inclusive and that earnings slumped off sharply in the years following the armistice. The poor showing for 1919 was due to the fact that Kennecott, like all other coppers, had not succeeded in reducing operating expenses to a peace-time basis. In 1921, the copper production curtailment which was in effect, accounted for the relatively poor showing for that year. Since that time Kennecott's earnings have steadily increased, chiefly through the rounding out of Braden as a large and profitable producer. This company, by the way, for many years exhibited all the markings of a copper "white elephant." It was necessary to completely revamp its equipment and to write off enormous losses, before the company was in a position to handle the huge tonnages necessary to insure successful and profitable operation. Its construction and equipment expenses alone stood at the total of $38,791,843 at the end of last year. But Braden has at last begun to justify the huge outlays upon it, for in 1924 it showed a net income to surplus of $8,769,512.

In scanning the column showing the amount earned per share on the outstanding stock it should be remembered that those figures are arrived at after all charges including depreciation and depletion. Also that Kennecott, until this year, received the major part of its earnings in the form of dividends on securities held. Not only did the parent company make liberal depreciation and depletion charges but the subsidiary companies did likewise. So that the fact that the parent company has showed deficits in four years out of the last ten has little significance. The consolidated income account and balance sheet which will be issued for the current year will give a basis for a truer appraisal of Kennecott's earning power and intrinsic worth than it has been possible to arrive at heretofore.

Kennecott has no funded debt but there are $12,000,000 notes outstanding due serially at the rate of $2,000,000 each April and October beginning October 1, 1925. The company has an authorized issue of 5,000,000 shares of no par stock of which 4,366,000 shares were outstanding up to August 1 last. This stock is owned by approximately 26,000 stockholders. There is little of investment value to be gained by comparing the present Kennecott with the Kennecott of a few years ago for the reason that the present company is radically changed and is the result of a long evolution. A Kennecott owning only part of Utah's stock and with Braden still in the development stage, can hardly be compared with the present, matured company.

The potentialties of the present company may be gauged from the fact that in the first six months of the current year the company earned, including its pro rata share in earnings of subsidiaries, approximately $3 per share on its outstanding stock, after all charges except depletion. This was on a copper market which ranged a trifle above 14 cents a lb. A cent a pound increase in the price of copper means approximately a dollar additional per share earned on Kennecott's outstanding stock. In other words, Kennecott, on 14 cent copper, can be counted on to earn its present $3 dividend about twice over with a dollar additional for each cent advance in the price of copper metal.

The company is in a strong financial position, having upwards of $30,000,000 in cash and quick assets. Its chief current liabilities are the $12,000,000 notes as above stated.

Kennecott is selling its copper at close to 15 cents a lb., which is materially better than the price average in the first half of this year. Because of its great ore reserves, low costs, large earning power and strong financial position, the outlook is excellent for a larger return to Kennecott stockholders in the not distant future. At its present price and on its present $3 dividend the stock returns only 5.5%. *The relatively low return foreshadows an increase in the dividend rate and it would seem, barring a sharp reversal in the financial and business situations, that the issue has further to go before it has fully discounted its prospects.*

## Kennecott Earnings Record Since Incorporation

| | Rev. from sale of Copper & Silver | Oper. Profit | Total Inc. | Net Inc. | Cash div's paid | Earned per share | Paid per share | Surplus for year |
|---|---|---|---|---|---|---|---|---|
| *1915 | ..$10,656,848 | $7,731,893 | $7,738,610 | $6,587,052 | $........ | $2.39 | .... | $6,573,797 |
| 1916 | .. 28,752,857 | 22,460,519 | 28,552,608 | 27,661,713 | 15,320,283 | 0.92 | $5.50 | 12,341,430 |
| 1917 | .. 16,026,105 | 11,817,196 | 19,283,431 | 11,545,419 | †10,311,665 | 4.14 | †3.70 | (‡)10,318,785 |
| 1918 | .. 15,080,927 | 9,431,292 | 41,672,272 | 7,127,004 | † 5,574,089 | 2.55 | †2.00 | 1,402,916 |
| 1919 | .. 5,603,910 | 2,512,395 | 3,938,381 | 446,871 | † 2,787,073 | 0.16 | †1.00 | (‡) 2,340,202 |
| 1920 | .. 8,437,191 | 3,251,491 | 6,477,021 | 1,469,397 | † 2,787,081 | 0.52 | †1.00 | (‡) 1,317,684 |
| 1921 | .. 4,633,503 | 1,274,431 | 3,779,392 | ‡ 389,858 | ......... | .... | .... | (‡) 389,858 |
| 1922 | .. 9,065,011 | 3,151,564 | 7,410,755 | 804,176 | ......... | 0.29 | .... | 804,176 |
| 1923 | .. 8,343,714 | 3,042,208 | 9,649,923 | 3,706,401 | † ........ | 0.96 | † ... | 3,706,401 |
| 1924 | .. 5,953,437 | 1,872,532 | 12,291,076 | 8,621,498 | † 2.287,787 | 2.02 | † .58 | 6,333,711 |

*7 mos. ended Dec. 31.
‡Deficit.
†In addition the following "Capital Distributions" were charged against Capital Surplus Account.
1917, $5,573,978 ($2.00 per share
1918, $5,574,089 ($2.00 per share
1919, $2,787,073 ($1.00 per share
1920, $2,787,081 ($1.00 per share
1923, $9,990,071 ($3.00 per share being entire divs. for the year.
1924, $9,552,919 ($2.42 per share

# Petroleum

*California Petroleum Corporation*

# A Promising Medium-Priced Oil

## California Petroleum's Present Position and Outlook—Improvement in Earnings

CALIFORNIA PETROLEUM as its title implies, is a native of the land of sunshine and oranges. To this otherwise harmless fact, considerable significance attaches. It accounts for much of Cal Pete's interesting history.

In its younger days, the company was not so much to brag about. There was nothing radically wrong, but it simply led a dull existence with little promise of remarkable results. Dividends of $1¼ and $2½ were paid in 1912 and 1913. After that there was a long interval in which common stockholders received nothing.

About 1920, earnings began to show an extraordinary increase and three years ago California Petroleum rewarded its shareholders by inaugurating dividend payments at the rate of 7% on the old $100 par value common shares.

This metamorphosis in the company's affairs, unquestionably was occasioned by the rise in California's importance as an oil producing state. For some years, the management had been putting surplus earnings back into properties and working capital. As a result of this policy, Cal Pete was admirably situated to grasp its opportunity when the time came.

During the period of frenzied town-lot drilling in the Los Angeles district, California Pete's daily output mounted to a record high approaching 60,000 barrels. Earnings, which had been expanding since 1920 with the development of the California oil industry, reached a new high water mark in conformity with this feverish activity. This was in 1923.

Last year, the progressive yearly gain in earnings came to a halt. Three factors were at work to produce this result. In the first place, operating expenses increased considerably. Secondly, there was a sharp decline in heavy flush production from the Southern California oil fields which cut down the company's output.

Finally, Cal Pete's contract with a large independent for delivery of 3.65 million barrels of crude oil yearly, at prices well above the market, was completed in November, 1923. This contract, be it noted, was distinct from the company's agreement with Standard Oil of New Jersey which expires December 31, 1928. Under this latter contract, California Petroleum is delivering a substantial share of its output to the Standard company at prevailing Pacific Coast market prices on date of delivery.

But though the Los Angeles Basin has lost about 50% of its peak production, there seems little danger that the company's prestige will diminish from this cause. New producing territories are being developed successfully with the result that production is again moving upward.

California Petroleum to-day is a vastly different enterprise from the original unit which was solely a producing concern. Large sums have been expended in developing transportation, marketing and refining facilities. During the past twelve years, more than 35.42 million dollars have been invested in improvements, acquisitions and construction.

The latest move toward consolidation of the company's position in the Pacific Coast oil industry has carried its activities into the State of Washington where the Olympic Calpet Refining Co. is to build a refinery at Seattle. One-half the stock in this subsidiary is owned by California

(*Please turn to page* 1037)

### Seven Year Record of California Petroleum

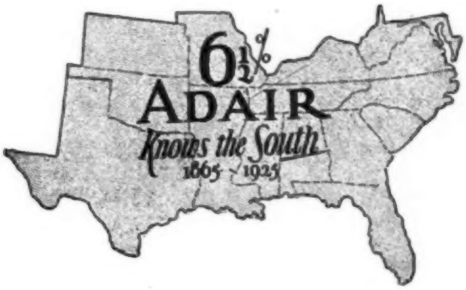
(Figures in millions of dollars except where otherwise indicated)

| | 1918 | 1919 | 1920 | 1921 | 1922 | 1923 | 1924 |
|---|---|---|---|---|---|---|---|
| Operating income | $3.06 | $3.13 | $4.07 | $4.96 | $7.79 | $13.91 | $10.32 |
| Depreciation & depletion | 0.61 | 0.62 | 0.86 | 0.96 | 1.53 | 2.45 | 2.86 |
| Interest, dev. exp., taxes, etc. | 0.97 | 1.08 | 0.86 | 1.38 | 2.26 | 4.75 | 3.98 |
| Total Deductions | 1.58 | 1.70 | 1.72 | 2.34 | 3.79 | 7.20 | 6.84 |
| Net Income | 1.48 | 1.43 | 2.35 | 2.62 | 4.00 | 6.71 | 3.48 |
| Earned per share on com.* | $0.77 | $0.72 | $2.08 | $2.41 | $3.25 | $5.13 | $2.46 |
| Property investment | 31.60 | 31.90 | 29.92 | 32.07 | 38.71 | 45.90 | 48.83 |
| Working capital | 2.00 | 1.42 | 1.63 | 2.26 | 3.68 | 6.97 | 5.64 |
| Asset value per share com.* | $32.72 | $33.88 | $34.77 | $39.07 | $41.80 | $46.57 | $50.50 |

*On basis of present capitalization.

A *message from* AMERICA'S OLDEST REAL ESTATE HOUSE

*"Knowledge of Real Estate Values is the Greatest Essential in Creating Safe Real Estate Bonds"*




# *Knowledge of Real Estate Values is the Greatest Essential in creating*
# *Safe* Real Estate Bonds

THE safety of any First Mortgage Real Estate investment depends upon the permanence of the value of the property securing the loan. If that value has been misjudged, if the margin of safety is wiped out by changing conditions, the safety of the investment will be greatly impaired.

Back of Adair Protected Bonds is the 60 years' experience of America's oldest real estate firm, 60 years in which the House of Adair has gained an insight and knowledge of real estate values and conditions in Southern cities possessed by no other company in existence.

This knowledge which forms the basis for scientific analysis of real estate values is the fundamental safeguard which protects investors in Adair Bonds.

Because interest rates are normally higher in the South on equal and even better security than in the more developed sections and because the House of Adair is the foremost authority on Southern real estate, Adair Protected Bonds offer an unusual investment opportunity, combining the highest degree of safety with the attractive return of 6½%.

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SERVICE SECTION

# ANSWERS TO INQUIRIES

## SUBSCRIBERS—ATTENTION

The Inquiry Department enables you to adapt THE MAGAZINE OF WALL STREET to your personal problems. As a yearly subscriber, you are entitled to receive FREE OF CHARGE a reasonable number of PERSONAL REPLIES BY MAIL OR WIRE on any security in which you may be interested. Inquiries cannot be received or answered by telephone nor can personal interviews be granted by this department. The inquiries presented in each issue are only a few of the thousands received—48,101 in the first six months of 1925. The use of this personal inquiry service in conjunction with the Magazine should help you to get hundreds or thousands of dollars of value from your $7.50 subscription.

*Are You Sure of Your Broker?*

*We invite correspondence from readers desirous of ascertaining the status of brokers with whom they intend to do business. We make no charge for this service, as we recognize the importance of having our readers deal through reliable firms.*

### *ANACONDA COPPER*

*Anaconda, I understand, has covered its year's dividend in the first half of this year. Does this mean that it is likely the company will increase its dividend, or is there a probability that when the full year's report is made up some of these earnings will be marked down by depletion? I notice that the statement of earnings gives $3 as the figure after deducting depreciation figures and bond interest, but nothing was said about depletion of ore reserves. My stock cost me 43. I bought it before the company discontinued dividends and held it up to the recent resumption of payments.—R. A. L., St. Louis, Mo.*

As you state, Anaconda has made a very good showing in the year to-date. By covering its entire year's dividend requirements in the first half year this company has done better than at any time in the last seven years. The figures noted probably will not undergo downward revision, it being Anaconda's custom to include obsolescence in its depreciation account. Whether the company will see fit to adopt a more liberal policy toward shareholders is difficult to foretell. Obviously, much depends upon the future course of metal prices which, happily, have consistently shown a hardening tendency. On the whole, the outlook for the company is bright. As its name implies, Anaconda is all-embracing. In addition to its Montana mining properties, the company owns the largest zinc refinery in the world, and one of the largest brass works. Its Perth Amboy copper refinery has an annual capacity of 450 million pounds. It derives a substantial revenue from its holdings in Chili Copper which should in a very few years be augmented by returns from its very low-cost Andes Copper properties. Furthermore, Anaconda has tremendous zinc ore reserves which as yet lie practically untouched. Its ramifications are extensive, it being active in the production of lumber, coal and phosphate as well as the various metals. In addition to smelting and refining its own output, it fabricates 45 million pounds of copper monthly for other companies. For sheer size Anaconda stands paramount in the mining field. It should benefit perhaps more than any other company from the improvement in the metal industry. The stock is slow to respond to favorable internal developments, but any further betterment in the mining field should find reflection in advancing quotations. We counsel further patience on your part.

### *PERE MARQUETTE*

*I have 25 shares of Pere Marquette which I bought several years ago around $45 a share. I am disposed to take my profits but would like to know if in the present active market this stock is likely to sell much higher.—H. A. P., Chicago, Ill.*

Pere Marquette is one of the systems included in the Van Sweringen merger, and the fact that for practical purposes the merger as consummated tends to dampen speculative interest in its stock. Tentatively, holders of Pere Marquette common will receive 85% in junior shares of the proposed Nickel Plate combine. Inasmuch as the latter is quoted around 90, it is obvious that the present market price for Pere Marquette is fully in line with its value under the terms of the merger. Therefore the possibilities of the issue marketwise are limited, although earnings are running at a favorable figure. Great Northern, selling around the same level, appears more attractive. Indicated earnings are at the rate of 8.80% on the stock, and in view of the fact that a rate increase in this quarter is not beyond the realms of possibility the outlook is conducive to optimism.

### *CHICAGO & NORTHWESTERN RWY.*

*I have 100 shares of Chicago & Northwestern for which I paid 52. To what extent is this company interested in the pending application for an increase in freight rates? Do you believe the company could afford to pay a higher dividend without getting an increase in rates?—C. M. F., Boston, Mass.*

Reflecting the combination of a new and energetic management with improved conditions in the territory served, Chicago & Northwestern appears to have undergone a process of rejuvenation. For the seven months ended July 31st, earnings were 9.1 millions which compares with 7.2 millions in the corresponding period a year ago. In other words, the company is earning at the rate of 7.50%, which is very nearly double its dividend requirements. It is obvious that even without the benefits to be derived from a rate increase (which is not altogether unlikely) the company could support a somewhat higher dividend. The stock is still selling at a low level compared with previous years. In view of the major improvement in the road's affairs we would say the stock has much to commend it from a speculative viewpoint, notwithstanding its advance over your purchase price.

*(Please turn to page 1030)*

***When Quick Service Is Required, Send Us a Prepaid Telegram and Instruct Us to Reply Collect***

New Issue | All of these bonds have been sold. | September 15, 1925.

# $10,000,000

# Seaboard Air Line Railway Company

## First and Consolidated Mortgage 6% Gold Bonds, Series A

Dated September 1, 1915 | Due September 1, 1945

Authorized $300,000,000. Series A bonds have been authenticated to the extent of $58,704,500 principal amount. On completion of this financing, $37,767,500 Series A bonds will be outstanding in the hands of the public and upwards of $20,000,000 Series A bonds will be pledged with the United States Government or in the company's treasury. Coupon bonds in denominations of $1,000, $500 and $100, registerable as to principal. Fully registered bonds in denominations of $1,000, $5,000, $10,000 and authorized multiples of $10,000 exchangeable for coupon bonds in the denomination of $1,000. Interest payable March 1 and September 1. Redeemable as a whole, or in amounts of not less than $1,000,000 at any one time, on any interest date, on sixty days' notice at 107½ and accrued interest. These bonds will be listed on the New York Stock Exchange. Guaranty Trust Company of New York, Corporate Trustee.

***The following information is contained in a letter from Mr. S. Davies Warfield, President of the Seaboard Air Line Railway Company:***

### THE COMPANY

The Seaboard Air Line Railway System directly operates 3,789 miles of railroad (exclusive of 441 miles of subsidiary companies), extending from Richmond, Virginia, through the South Atlantic states. The territory traversed is one of the most productive sections of the South, including the great citrus fruit-bearing, vegetable, cotton and tobacco growing districts and also many important manufacturing sections. The strength of the Seaboard's position is indicated by the fact that the percentage of miscellaneous freight to total traffic is greater than that of any important competing railroad of the South.

The lines of the Seaboard System reach substantially all the important cities of the South Atlantic seaboard and extend to Tampa, Fla., on the Gulf and to other Florida west coast points, to West Palm Beach (Palm Beach), Fla., on the east coast, to Norfolk and all important South Atlantic ports south of Norfolk, and also to Atlanta, Ga., Montgomery, Ala., and Birmingham, Ala. The Seaboard System reaches Washington, D. C., over the Richmond, Fredericksburg & Potomac Railroad, in which it has an interest.

The Seaboard System enjoys superior competitive advantages as the short line between Richmond and Florida. By the recent extension of its main line to West Palm Beach it became the only railway system operating through trains over its own rails from Richmond to points on the lower east coast of Florida. It is proposed that this line be extended to Miami and beyond and that on the west coast an extension be constructed to Fort Myers, Punta Rassa and other South Florida points. These proposed extensions will reach some of the most rapidly developing sections of Florida. The Seaboard System has the only direct line across the peninsula of Florida connecting the two coasts.

### SECURITY

The First and Consolidated Mortgage bonds are a direct obligation of Seaboard Air Line Railway Company and are secured by direct first mortgage lien on approximately 442 miles of railroad, including the through low-grade main line of 258 miles from Hamlet, North Carolina, to Savannah, Georgia, via Charleston, South Carolina. They are further secured by pledge of certain securities, including $48,879,000 Refunding Mortgage bonds out of a total of $68,229,000 issued.

The effect of covenants made by the company is that no additional bonds (other than First and Consolidated Mortgage bonds) secured by any existing mortgage lien on any of the company's property now directly owned may be issued except additional Refunding Mortgage bonds, which by the provisions of the First and Consolidated Mortgage are required to be pledged thereunder. As such additional Refunding Mortgage bonds shall be issued and pledged under the First and Consolidated Mortgage, holders of First and Consolidated Mortgage bonds will acquire an increased interest in the security afforded by the Refunding Mortgage.

### EARNINGS

Income applicable to interest, and other comparable figures, for the two years ended December 31, 1924, have been as follows:

| Year Ended Dec. 31 | Railway Operating Revenues | Railway Operating Expenses | Total Income Applicable to Interest | Fixed Interest Charges |
|---|---|---|---|---|
| 1923 | $52,249,110 | $40,342,259 | $8,367,625 | $6,095,245 |
| 1924 | 53,384,173 | 41,387,634 | 9,933,490 | 6,601,413 |

Gross operating revenues for the seven months ended July 31, 1925, were over 10.6% greater, and net railway operating income was 9.4% greater, than for the corresponding period of 1924. The officials of the company estimate that after the first year of full operation of the additional Florida lines, of which 264 miles are now in operation and 204 miles proposed to be built, the annual gross operating revenues of the system will be increased by approximately $10,000,000 and the net operating revenues by approximately $4,500,000.

***We offer these bonds for delivery when, as and if accepted by us, subject to the approval of legal proceedings by our counsel and subject, to the extent contemplated by law, to approval by the Interstate Commerce Commission. It is expected that delivery will be made on or about September 29, 1925, in the form of definitive bonds or interim receipts of Dillon, Read & Co.***

**Price 94¾ and Interest. To Yield 6.47%**

*Further information is contained in a circular which may be had on request.*

## Dillon, Read & Co.

## Ladenburg, Thalmann & Co. | Kissel, Kinnicutt & Co.

The statements herein have been accepted by us as accurate but are in no event to be construed as representations by us.

# School for Traders & Investors

*Sixty-Fifth Lesson*

# The Significance of Hope

**Usually a Danger Signal in Market Operations**

WHEN stock prices are relatively high and have attracted much public attention by spectacular gyrations and advances, the experienced traders, or so-called "strong hands," are busily closing out their long commitments, and the unsophisticated speculators, or so-called "weak hands," are absorbing these offerings. This gradual transfer of shares is part of the process called distribution. When this process has gone far enough to bring substantial selling pressure upon the market, it serves as a warning to many long-pull speculators who may have been waiting for such evidence of a general change in trend.

The first wave of genuine liquidation usually leaves the untrained speculator holding the bag, and with losses he does not like to accept. What is more natural than for him to hope that prices will soon rally and show a profit, or at least offer an opportunity to get out even?

This hope is one of the greatest dangers to the trader. It sometimes becomes the chief factor in determining his position despite the fact that, of all influences that help to determine a trader's position, it is the one deserving no consideration whatever. Hope serves only to warp or obscure judgment. Hope increases losses. Hope is a veritable red light in the trader's pathway. Every novice in stock trading should remember this rule: *Whenever hope is the best reason that can be advanced for maintaining a market position, close out immediately* so as to get a clear and unbiased view of the situation from a neutral standpoint. In other words, *wherever you find yourself hoping, get out and avoid danger.*

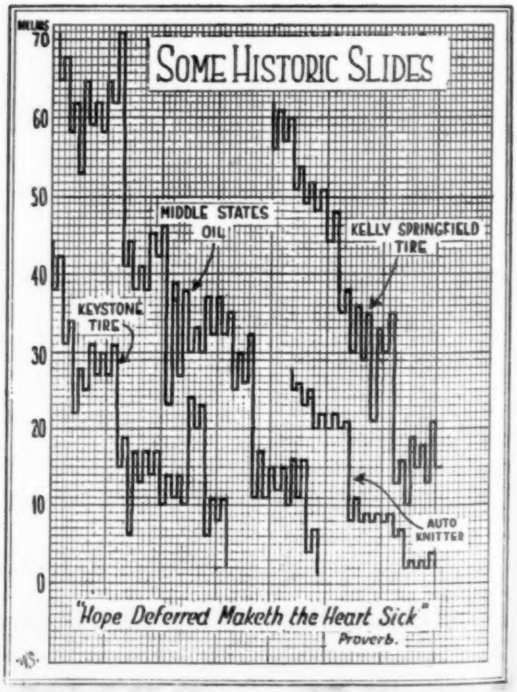
The dictionary says that hope is expectation of something desired. Intelligent speculation is not based on desire but on analysis. Appreciate the truth expressed by a learned philosopher-poet in the well known lines:

*"Hope springs eternal in the human breast;*
*Man never is, but always to be blest."*

If you do not get the force of the argument presented in this way, then look over a few of the famous "slides" in recent stock market history presented herewith, and see what it probably cost some of those who hung on with the *hope* that their pet stocks would come back.

In all probability no thought of the stock market ever entered the mind of the writer of the following old song, but in this connection, the idea isn't half bad.

*"Hope tells a flattering tale,*
*Delusive, vain and hollow,*
*Ah! Let not hope prevail,*
*Lest disappointment follow."*



# Trade Tendencies

# Business Under Stimulus of Fall Buying

**Prevailing Trend of Commercial Activities Is Toward Expansion—Some Irregularities Noted**

## STEEL

*Interest Broadens*

UNFILLED orders of the U. S. Steel Corporation declined but 26,664 tons for August bringing the total of unfilled obligations down to 3.51 millions. This is the smallest drop since the industry started its downward movement last February. The August figures indicate that, despite the gain in production, steel mills are keeping output under control.

In respect to new business, conditions are encouraging, although the railroads have not come into the market heavily thus far. Some improvement is to be observed, nevertheless. Other industries are buying more freely. The high rate of building operations and agricultural implement demand are factors adding material support.

Pig iron has enjoyed an advance. Large consumers are buying and stocks have been reduced. The strength in

(*Please turn to page* 1048)

### COMMODITIES*

(See Footnote for Grades and Unit of Measure)

| | 1925 High | Low | *Last |
|---|---|---|---|
| Steel (1) ....... | $38.00 | $35.00 | $35.00 |
| Pig Iron (2) .... | 22.00 | 18.00 | 18.00 |
| Copper (3) ..... | 0.15¼ | 0.13¼ | 0.14¾ |
| Petroleum (4) .. | 3.80 | 3.00 | 3.25 |
| Coal (5) ....... | 2.17 | 1.82 | 2.17 |
| Cotton (6) ....... | 0.25⅝ | 0.22⅛ | 0.24¾ |
| Wheat (7) ...... | 2.16 | 1.48 | 1.55 |
| Corn (8) ....... | 1.27 | 0.94 | 0.96 |
| Hogs (9) ....... | 0.14⅛ | 0.10⅛ | 0.12⅞ |
| Steers (10) .... | 0.14 | 0.10⅝ | 0.13¾ |
| Coffee (11) .... | 0.23⅞ | 0.17⅛ | 0.21¾ |
| Rubber (12) .... | 1.20⅛ | 0.35 | 0.86 |
| Wool (13) ....... | 0.70 | 0.48 | 0.53 |
| Tobacco (14) ... | 0.24 | 0.22 | 0.22 |
| Sugar (15) ....... | 0.04⅞ | 0.04¼ | 0.04⅝ |
| Sugar (16) ....... | 0.07 | 0.05⅛ | 0.05⅝ |
| Paper (17) ...... | 0.04 | 0.03⅝ | 0.03⅝ |

*Sept. 12.

(1) Open hearth billets, $ per ton; (2) Basic Valley, $ per ton; (3) Electrolytic, c. per pound; (4) Pennsylvania, $ per barrel; (5) Pittsburgh, mine run, $ per ton; (6) Spot, New York, c. per pound; (7) No. 2 red, Chicago $ per bushel; (8) No. 2 Yellow, Chicago, $ per bushel; (9) Light, Chicago, c. per pound; (10) Top, Heavies, Chicago, c. per lb.; (11) Rio, No. 7, Spot, c. per lb.; (12) First Latex crepe, c. per lb.; (13) Ohio, Delaine, unwashed, c. per lb.; (14) Medium Burleigh, Kentucky, c. per lb.; (15) Raw Cubas 96° Full Duty, c. per lb.; (16) Refined, c. per lb.; (17) Newsprint per carload roll, c. per lb.

### THE TREND IN MAJOR INDUSTRIES

STEEL—Steel industry making fair gains. Demand and output expanding. Railroads showing more interest. Prices steadier.

METALS—Copper evidently on verge of new upturn. Statistical position strengthening. Consumption heavy. Lead and zinc firm. Further advance likely.

OIL—Production continues at high level but crude oil markets beginning to give some indications of resistance to price cutting. Gasoline likewise steadier.

MOTORS—Production tapering off but improvement in agricultural sales a factor tending to sustain automobile business above the seasonal average.

RUBBER—The market remains sensitive to changes in the immediate supply situation. Demand for rubber should ease off, however, as tire makers are beginning to restrict production.

TEXTILES—Interest in textiles is reviving. Fall buying has stimulated the trade. Activity broadening. Some tendency to place orders for future delivery is noted.

LEATHER—Shoe industry in good position with sufficient orders to maintain capacity output for balance of year. Business in leather improving. Hides showing irregular price tendencies.

RAILROADS—Earnings statements continue to reflect prosperous condition of the transportation industry. Car loading figures running to new record totals.

EQUIPMENT—Railroad equipment business giving indications of recovery but volume of orders considerably below last year's total. Manufacturers of miscellaneous railroad supplies in strong position.

COAL—Soft coal producers increasing output. Anthracite strike beginning to be reflected in higher prices for bituminous coal. Consumption slightly increased.

SUGAR—No noticeable improvement in sugar situation. World production of raws estimated at 25.28 million short tons for 1924-1925 season compared with 21.98 million tons the year previous.

SUMMARY—Despite numerous instances of irregularity, the predominating trend of business is upward. Record building operations and car loadings are among the noteworthy features. Commodity prices manifest considerable stability. Uncertain crop prospects and labor unrest are principal items on unfavorable side.

## USING THE QUOTA OR "BOGIE" TO BUILD INCOME

*(Continued from page 1012)*

ending January 1, 1921, is accounted for by the purchase of a larger and better home necessitating the purchase of additional furniture and other personal property which does not appear in the statement.

The increase for the year (11 months) ending December 1, 1924, was due to the sale of an option on a house built next door to our own home. If sale is completed, which I have no doubt it will be, there will be a further profit of $1,000 which will show in 1925. The building of the house also increased the value of our own home. A contractor had purchased the lot and was preparing to build a small bungalow thereon very close to our line and well forward towards the sidewalk. This would have not only spoiled our view but ruined the appearance of the street. We got busy and within twenty-four hours after we first learned of the contractor's plans had succeeded in purchasing the lot through an agent at a reasonable figure yet giving a small but quick profit to the contractor who had held the lot only about a week. We had no money in the bank and had to pay cash for the lot but were able to borrow the required amount on securities from the bank until we were able to pay up.

Among the preferred stocks carried are Pacific Gas and Electric and Western Pacific Railroad. Among the common stocks are Southern Pacific Co., American Telephone & Telegraph, Calumet & Arizona Copper, Pacific Gas & Electric, International Nickel, Howe Sound Mining, Mexican Seaboard Oil, Columbia Graphophone Mfg.

The preferred stocks have all shown profits as have the high grade common stocks—however, common stocks such as the last four mentioned have shown what losses I have had. Some of them are highly speculative and should be avoided by those in the "Building Your Future Income class."

# Important Changes in Capitalization of Leading Companies

## Actual Changes Reported Since Our Issue of August 29

**AMERICAN TELEPHONE & TELEGRAPH CO.** (See Western Electric.)

**ARNOLD, CONSTABLE & CO., INC.**

Sept. 9—Merger: with M. I. STEWART & CO., INC., declared operative.

**ATLANTIC GULF & WEST INDIES STEAMSHIP LINES.**

Sept. 15—Offered: to Com. Holders right to subscribe, at $40, to 1 sh. new Com. for each 3 shs. held........................shs 49,878

**BURNS BROTHERS, INC.**

Sept. 1—Directors approved plans for acquisition: of the STEAMSHIP FUEL CORP., a wholesale Co., selling to retailers in all North Atlantic States; together with the WYOMING COAL CO., SCHUYLKILL COAL CO., and TEMPLE COAL CO., three retail distributors. (Payment in unissued stock: therefore involves no new financing.)

**CERTAIN-TEED PRODUCTS CORP.**

About Aug. 28—Issued: privately, at not less than $40, Add. Com. Stk. ..................................................shs 20,000

**DODGE BROTHERS, INC.**

Sept. 10—First block of conv. deb. 6s converted: into Com. "A," at $30 ..............................................$5,000,000

**DU PONT (E. I.) DE NEMOURS & CO., INC.**

Sept. 1—Redeemed: at 106, all 10-yr. g. 7½s, '31........$10,000,000

**GENERAL ELECTRIC CO.**

Sept. 1—Redeemed: at 107½, all deb. 5s, '52............$15,136,500

**GENERAL GAS & ELECTRIC CORP.**

Sept. 1—Redeemed: at 105, all s. f. g. 7s, '52............$2,020,200
Redeemed: at 100, all 10-yr. sec. g. 6s, '29 of its subsidiary, the GENERAL GAS & ELECTRIC CO......................$3,437,550

**GENERAL PETROLEUM CORP.**

Sept. 10—Sold: 1st mtg. s. f. 5s, '40....................$18,000,000

**HOUSEHOLD PRODUCTS, INC.**

Aug. 24—Purchased: the PEPSIN SYRUP CO. of Monticello, Ill., Mfrs. of Caldwell's Syrup Pepsin; partly for cash and partly for stock ...............................................$5,000,000

**HUDSON MOTOR CAR CO.**

Aug. 15—Issued: Cap. Stk. to present Mgr., for cash and services. shs 10,000

**INTERNATIONAL CEMENT CORP.**

Apr. 30—Sold: for cash, Add. 7% cum. Pfd..............$2,000,000
July 18—Acquired: for cash, the following properties at New Orleans, La.:

(a)—99-yr. lease of plant site containing 14.6 acres.
(b)—24-yr. grants to remove shell deposits from various lakes and sounds.
(c)—19-yr. right to remove silt from water plant reservoir.

Total cash consideration for above was..................$3,435,590
June 1—Arranged to acquire: all Com. Stk., and about 89% of Pfd. Stk. of the PHOENIX PORTLAND CEMENT CO. (of Ohio), for cash ................................................$2,094,712
July 1—Acquired: all Com. Stk. of ALABAMA PORTLAND CEMENT CO. in exchange for easement rights, until 1973, on the plant and property of the Phoenix Portland Cement Co.

**INTERNATIONAL TELEPHONE & TELEGRAPH CORP.**

Aug. 20—Sold: 20-yr. conv. deb. 5½s, '45..............$25,000,000
Sept. 3—Authorized: increase in Cap. Stk. from $50,000,000 to $100,000,000.

Arranged to exchange: par for par, 88,754 shs. Cap. Stk. for outstanding mortgage bonds of the CUBAN TELEPHONE CO. and PORTO RICO TELEPHONE CO......................$8,875,400

**LOUISVILLE GAS & ELECTRIC CO.** (Subs. of STANDARD GAS & ELECTRIC CO.)

Sept. 4—Completed plans: to construct a 108,000 horsepower hydro-electric plant on the Ohio River, at Louisville, Ky. License granted by the Federal Power Commission to the LOUISVILLE HYDRO-ELECTRIC CO., a subsidiary. Cost estimated at.......$16,500,000

**McCRORY STORES CORP.**

Sept. 1—Paid: to Class "B" Holders a Div. of 1% in Class "B" Stk. shs 521

(Fractional shares cashed at market price, date of record.)

**MARLIN-ROCKWELL CORP.**

Sept. 14—Offered: to Com. Holders right to subscribe, at $15, to 1 sh. new Com. for each 6⅔ shs. held......................shs 33,426

**MOTOR WHEEL CORP.**

Sept. 1—Redeemed: at 103, all s. f. g. 6s, '33............$1,405,500

**PACKARD MOTOR CAR CO.**

Aug. 31—Retired: at $110, all 7% cum. Pfd.............$9,500,000

**PAN-AMERICAN PETROLEUM & TRANSPORT CO.**

July 8—Arranged to sell: its Pacific Coast properties to the PAN AMERICAN WESTERN PETROLEUM CO., for $11,797,000 cash and $11,250,000 principal amount of the latter company's 15-yr. 6% g. Notes ..............................................$23,047,000
(Latter Co. recently organized with Auth. Cap. of 200,000 shs. no par, Class "A," voting Com. Stk.; 800,000 shs. no par, Class "B," non-voting Com. Stk.; and above mentioned Notes. 100,000 shs. Class "A" Com., and balance of 402,000 shs. Class "B" Com., not taken by Pan-American Petroleum & Transport Stockholders, to be underwritten, at $23.50 per share net, by the PETROLEUM SECURITIES CO., of which Edward L. Doheny is the head.)

Sept. 8—Offered: to both classes of Stockholders right to subscribe, at $23.50, to 1 sh. PAN-AMERICAN WESTERN PETROLEUM CO. Class "B" Com. Stk. for each 7 shs. held..........shs 396,521

**PENN SEABOARD STEEL CO.**

July 20—Paid: all floating and funded debts, mostly due in 1935. $1,635,498

**PENNSYLVANIA R. R. CO.**

July 13—Purchased: a minority interest of 12,000 shs. Cap. Stk. of the WESTERN ALLEGHENY R. R. CO. for cash.........$600,000

**SCHULTE RETAIL STORES CORP.**

Between July 14 and Aug. 5—Purchased 15 real estate properties and sold 3; also opened 1 new store.

Sept. 1—Paid: to Com. Holders a Div. of $2.00 in 8% cum. Pfd. Stk. ...................................................$825,000

**STANDARD GAS & ELECTRIC CO.** (Also see Louisville Gas & Electric.)

Sept. 1—Redeemed: at 105, all conv. deb. 6½s, '54. Up to July 8, there remained unconverted .............................$2,347,000

**SYMINGTON CO.**

July 25—Purchased: Add. 6% of GOULD COUPLER CO. Com. Stk. ..................................................shs 18,000

**TEXAS CO.**

July 26—Purchased: from the PRAIRIE OIL & GAS CO. its 17-mi. pipe line and 160-acre tank farm; together with booster station, loading trucks, etc.: valued at ...............................$500,000

**WESTERN ELECTRIC CO., INC.** (Subs. of AMERICAN TELEPHONE & TELEGRAPH CO.)

Sept. 15—Retired: at $110, all 7% Pfd. Stk..............$24,679,600

**YELLOW CAB MANUFACTURING CO.**

Sept. 1—Change in name: to YELLOW TRUCK AND COACH MANUFACTURING CO., and merger with the Truck Division of the GENERAL MOTORS CORP., declared effective.

# New York Stock Exchange

## RAILS

| | Pre-War Period 1909-1913 | | War Period 1914-1918 | | Post-War Period 1919-1924 | | 1925 | | Last Sale | Div'd $ per |
|---|---|---|---|---|---|---|---|---|---|---|
| | High | Low | High | Low | High | Low | High | Low | Sept. 16 | Share |
| Atchison | 125⅝ | 90¼ | 111⅛ | 75 | 120⅝ | 91⅜ | 127⅞ | 116¼ | 123⅝ | 7 |
| Do. Pfd. | 106⅜ | 96 | 102⅛ | 75 | 96⅝ | 72 | 97⅞ | 92⅛ | †95¼ | 5 |
| Atlantic Coast Line | 148⅛ | 102⅛ | 126 | 79⅞ | 152¼ | 77 | 200⅝ | 147⅛ | 197 | ‡7 |
| Baltimore & Ohio | 122¼ | 90⅝ | 96 | 88⅛ | 84⅞ | 27⅝ | 84¼ | 71 | 82 | 5 |
| Do. Pfd. | 96 | 77⅛ | 80 | 48⅛ | 66⅛ | 38⅛ | 66½ | 62⅞ | 65¼ | 4 |
| Bklyn-Man. Transit | .. | .. | .. | .. | 41⅞ | 9¼ | 59 | 35⅛ | 58½ | .. |
| Do. Pfd. | .. | .. | .. | .. | 75⅜ | 31⅜ | 82 | 77⅞ | 81 | 6 |
| Canadian Pacific | 283 | 165 | 220⅝ | 126 | 170⅛ | 101 | 152⅜ | 136⅛ | 144⅜ | 10 |
| Chesapeake & Ohio | 92 | 51⅛ | 71 | 35⅝ | 98¼ | 46 | 106⅞ | 89¼ | 104½ | 4 |
| Do. Pfd. | .. | .. | .. | .. | 109⅛ | 96 | 112½ | 105½ | †112 | 6½ |
| C. M. & St. Paul | 165⅛ | 96⅝ | 107⅛ | 35 | 52⅜ | 10⅞ | 16⅜ | 3⅛ | 8¼ | .. |
| Do. Pfd. | 181 | 130⅛ | 143 | 62⅛ | 76 | 18¼ | 28½ | 7 | 16 | .. |
| Chic. & Northwestern | 198⅛ | 123 | 136⅞ | 35 | 105 | 45⅞ | 75⅜ | 47½ | 68 | 4 |
| Chicago, R. I. & Pacific | .. | .. | 45⅜ | 16 | 50 | 19⅛ | 54¼ | 40⅛ | 49⅛ | .. |
| Do. 7% Pfd. | .. | .. | 94⅜ | 44 | 105 | 64 | 99¼ | 92 | 97⅝ | 7 |
| Do. 6% Pfd. | .. | .. | 80 | 35¾ | 93⅜ | 84 | 89½ | 82 | 86½ | 6 |
| Delaware & Hudson | 200 | 147⅛ | 159⅛ | 87 | 141½ | 83⅛ | 155 | 133½ | 148⅜ | 9 |
| Delaware, Lack. & W. | 340 | 192⅛ | 242 | 160 | 260½ | 93 | 147⅝ | 125 | 140 | ‡6 |
| Erie | 61⅛ | 33⅛ | 59⅛ | 18⅜ | 35⅝ | 7 | 34½ | 26¾ | 31⅛ | .. |
| Do. 1st Pfd. | 49⅜ | 26¼ | 54⅜ | 15⅛ | 49¼ | 11⅛ | 46⅞ | 35 | 40½ | .. |
| Do. 2nd Pfd. | 39⅛ | 19⅛ | 45⅝ | 13⅛ | 46¼ | 7⅛ | 43⅜ | 34 | †38 | .. |
| Great Northern Pfd. | 157⅞ | 118⅛ | 134⅜ | 79¼ | 100⅝ | 50⅝ | 76⅛ | 60 | 74⅛ | 5 |
| Hudson & Manhattan | .. | .. | .. | .. | 29¼ | 20⅝ | 38⅜ | 21⅜ | 36 | 2½ |
| Illinois Central | 162⅛ | 102¾ | 115 | 85¾ | 117⅞ | 80⅞ | 119⅝ | 111 | 117½ | 7 |
| Interboro Rap. Transit | .. | .. | .. | .. | 39¼ | 9⅛ | 34½ | 13½ | 29 | .. |
| Kansas City Southern | 50¼ | 21⅝ | 35⅛ | 13⅛ | 41⅜ | 13 | 43½ | 28⅝ | 42⅝ | .. |
| Do. Pfd. | 75⅛ | 56 | 65⅛ | 40 | 59⅛ | 40 | 62 | 57 | †61¼ | 4 |
| Lehigh Valley | 121¼ | 62⅛ | 87⅛ | 50⅝ | 85 | 39¼ | 83⅜ | 69 | 80⅛ | 3½ |
| Louisville & Nashville | 170 | 121 | 141⅞ | 103 | 155 | 84⅜ | 120⅞ | 106 | 118⅛ | 6 |
| Mo. Kansas & Texas | *51⅛ | *17½ | *24 | *3⅛ | 34⅝ | *⅜ | 45½ | 28¼ | 43⅛ | .. |
| Do. Pfd. | *78¼ | *46 | *60 | *8⅛ | 75⅜ | *2 | 91⅜ | 74⅜ | 87⅛ | 5 |
| Missouri Pacific | *77⅛ | *21⅛ | 38⅛ | 19⅞ | 38⅞ | 8¼ | 41 | 30⅝ | 37 | .. |
| Do. Pfd. | .. | .. | 64⅞ | 37½ | 74 | 22¼ | 88½ | 71 | 85 | .. |
| N. Y. Central | 147⅜ | 90⅝ | 114¼ | 62⅛ | 119⅜ | 64⅛ | 124⅜ | 113¼ | 121½ | 7 |
| N. Y., Chi. & St. Louis | 109⅜ | 90 | 90⅝ | 55 | 128 | 23⅜ | 137¼ | 118 | 131 | 6 |
| N. Y., N. H. & Hartford | 174⅜ | 65⅝ | 89 | 21½ | 40⅞ | 9⅝ | 39⅜ | 28 | 37¼ | .. |
| N. Y., Ontario & W. | 55⅜ | 25¼ | 35 | 17 | 30½ | 14¼ | 34⅜ | 20⅝ | 29⅛ | 1 |
| Norfolk & Western | 119⅛ | 84¼ | 147⅛ | 92⅝ | 133¼ | 84¼ | 140⅞ | 123½ | 136⅛ | 7 |
| Northern Pacific | 159⅛ | 101⅜ | 118⅞ | 75 | 99⅝ | 47⅞ | 72⅜ | 58¼ | 71⅜ | 5 |
| Pennsylvania | 75⅝ | 53 | 61½ | 40¼ | 50 | 32¼ | 49⅛ | 42⅛ | 49 | 3 |
| Pere Marquette | *36⅛ | *15 | 38⅛ | 9½ | 73 | 12⅛ | 74 | 61¾ | 71½ | 4 |
| Pittsburgh & W. Va. | .. | .. | 40⅝ | 17⅝ | 94 | 21⅛ | 83⅞ | 63 | 82¼ | .. |
| Reading | 89⅝ | 59 | 115⅛ | 60⅛ | 108 | 51⅞ | 91¼ | 69⅜ | 87 | 4 |
| Do. 1st Pfd. | 46⅜ | 41¼ | 46 | 34 | 61 | 32⅞ | 41 | 35⅞ | †39⅝ | 2 |
| Do. 2nd Pfd. | 55⅜ | 42 | 52 | 33⅜ | 65⅛ | 33⅛ | 44⅜ | 36¼ | †40¼ | 2 |
| St. Louis-San Fran. | *74 | *13 | 50⅛ | 21 | 65 | 10⅜ | 102¼ | 57½ | 97⅛ | 7 |
| St. Louis Southwestern | 40⅝ | 18⅛ | 32¼ | 11 | 55⅝ | 10⅞ | 63 | 43¾ | 57⅝ | .. |
| Seaboard Air Line | 27½ | 13⅛ | 22⅝ | 7 | 24⅛ | 2⅛ | 48⅝ | 20⅝ | 45⅛ | .. |
| Do. Pfd. | 56½ | 23⅛ | 58 | 15⅛ | 45½ | 3 | 51½ | 35 | 47¾ | .. |
| Southern Pacific | 139⅛ | 83 | 110 | 75⅝ | 118⅛ | 67¼ | 108⅜ | 97 | 98⅛ | 6 |
| Southern Railway | 34 | 15 | 36⅜ | 12⅛ | 79⅜ | 24⅝ | 107⅞ | 77⅝ | 104⅛ | 5 |
| Do. Pfd. | 86⅞ | 43 | 85¼ | 42 | 85 | 42 | 94 | 83 | 92 | 5 |
| Texas & Pacific | 40⅛ | 10¼ | 29¼ | 6⅛ | 70⅛ | 14 | 58⅜ | 43¼ | 52⅞ | .. |
| Union Pacific | 219 | 137⅜ | 164⅜ | 101¼ | 154⅝ | 110 | 153¼ | 133¼ | 141½ | 10 |
| Do. Pfd. | 118⅛ | 79⅜ | 86 | 69 | 80 | 61¼ | 77¼ | 73¼ | †75½ | 4 |
| Wabash | *27⅞ | *2 | 17⅛ | 7 | 24⅝ | 6 | 47¼ | 19½ | 42⅞ | .. |
| Do. Pfd. A | *61⅜ | *6⅛ | 60⅛ | 30⅞ | 60⅝ | 17 | 73½ | 55¾ | 71½ | 5 |
| Do. Pfd. B | .. | .. | 32⅞ | 18 | 42⅝ | 12⅛ | 60½ | 38½ | †50 | .. |
| Western Maryland | *56 | *40 | 23 | 9¼ | 17¼ | 8 | 18⅜ | 11 | 16¾ | .. |
| Do. 2nd Pfd. | *88¼ | *53½ | *58 | 20 | 30⅛ | 11 | 26¼ | 16 | †23 | .. |
| Western Pacific | .. | .. | 25⅛ | 11 | 40 | 12 | 33 | 19¾ | 30½ | .. |
| Do. Pfd. | .. | .. | 64 | 35 | 88⅛ | 51⅛ | 77⅞ | 72 | 76½ | 6 |
| Wheeling & Lake Erie | *12⅞ | *2⅛ | 27⅝ | 5 | 18⅛ | 6 | 22½ | 10¾ | 20¼ | .. |
| Do. Pfd. | .. | .. | 50⅝ | 16⅝ | 32⅛ | 9⅛ | 47⅜ | 22 | 42⅝ | .. |

## INDUSTRIALS

| | Pre-War Period 1909-1913 | | War Period 1914-1918 | | Post-War Period 1919-1924 | | 1925 | | Last Sale | Div'd $ per |
|---|---|---|---|---|---|---|---|---|---|---|
| | High | Low | High | Low | High | Low | High | Low | Sept. 16 | Share |
| Adams Express | 270 | 90 | 154½ | 42 | 93½ | 22 | 103¼ | 90 | †90½ | 6 |
| Ajax Rubber | .. | .. | 89⅛ | 45⅛ | 113 | 4⅛ | 15⅝ | 10 | 11⅛ | .. |
| Allied Chem. & Dye | .. | .. | .. | .. | 91⅜ | 34 | 106⅜ | 80 | 101⅜ | 4 |
| Do. Pfd. | .. | .. | .. | .. | 118⅝ | 83 | 120½ | 117 | †119 | 7 |
| Allis-Chalmers Mfg. | 10 | 7⅝ | 49⅛ | 6 | 73⅝ | 26⅛ | 91 | 71½ | 89⅝ | 6 |
| Do. Pfd. | 43 | 40 | 92 | 32⅛ | 104⅞ | 67½ | 108 | 103¼ | †108 | 7 |
| Am. Agric. Chem. | 63⅝ | 33⅛ | 106 | 47⅜ | 113⅜ | 7⅛ | 23⅜ | 13½ | 22 | .. |
| Do. Pfd. | 105 | 90 | 103½ | 89⅛ | 103 | 18⅜ | 69⅜ | 36½ | 68 | .. |
| Am. Beet Sugar | 77 | 19⅝ | 108½ | 19 | 103⅝ | 24½ | 43 | 34½ | †36½ | 4 |
| Am. Bosch Magneto | .. | .. | .. | .. | 143⅞ | 22¼ | 54½ | 26½ | 38½ | .. |
| Am. Can | 47⅞ | 6⅞ | 68½ | 19¼ | 163½ | 21⅜ | 249⅜ | 158⅛ | 244¼ | ‡5 |
| Do. Pfd. | 129¼ | 98 | 114½ | 80 | 119 | 72 | 121½ | 115 | †119 | 7 |
| Am. Car & Foundry | 76½ | 36½ | 98 | 40 | 201 | 153½ | 111½ | 97½ | 109½ | 6 |
| Do. Pfd. | 124⅜ | 107½ | 119½ | 100 | 126⅛ | 105⅜ | 128 | 120⅜ | †124¼ | 7 |
| Am. Express | 300 | 94¾ | 140½ | 77½ | 175 | 76 | 166 | 125 | †136 | 6 |
| Am. Hide & Leather | 10 | 3 | 22⅛ | 2⅛ | 43⅛ | 5 | 14 | 8⅛ | 11⅛ | .. |
| Do. Pfd. | 51⅞ | 15⅛ | 94⅞ | 10 | 142⅜ | 29⅜ | 75⅞ | 58½ | 61⅜ | .. |
| Am. Ice | .. | .. | 49 | 8⅞ | 122 | 37 | 124 | 83 | 121 | 7 |
| Am. International | .. | .. | 62⅜ | 12 | 132¼ | 17 | 41 | 32½ | 37¾ | .. |
| Am. Linseed Pfd. | 47⅜ | 20 | 92 | 24 | 113 | 4⅛ | 82⅝ | 53 | †82½ | 3½ |
| Am. Locomotive | 74⅜ | 19 | 98¼ | 46⅝ | 136⅜ | 58 | 144⅞ | 104½ | 118⅛ | ‡8 |
| Do. Pfd. | 122 | 75 | 109 | 93 | 122½ | 96½ | 124 | 115 | †117 | 7 |
| Am. Metal | .. | .. | .. | .. | 55⅞ | 38⅜ | 54 | 45¾ | 52 | 3 |
| Am. Radiator | *500 | *200 | *445 | *235 | *345 | 64 | 116 | 89⅞ | 113 | 4 |
| Am. Safety Razor | .. | .. | .. | .. | 40⅝ | *3⅛ | 69 | 36⅞ | 68 | 3 |
| Am. Ship & Commerce | .. | .. | .. | .. | 47⅛ | 4⅜ | 14⅛ | 5⅝ | 7⅛ | .. |
| Am. Smelt. & Ref. | 105⅛ | 56⅝ | 123⅜ | 50¼ | 100⅜ | 29¼ | 114¼ | 90⅜ | 114 | 6 |
| Do. Pfd. | 116¾ | 98¼ | 118⅞ | 97 | 109⅝ | 63¼ | 114¾ | 105½ | 113⅝ | 7 |
| Am. Steel Foundries | 74½ | 24⅛ | 95 | 44 | 50 | 18 | 44 | 37⅝ | 43 | 3 |
| Do. Pfd. | .. | .. | .. | .. | 109¼ | 78 | 112 | 108 | 112 | 7 |
| Am. Sugar Refining | 136⅝ | 99⅞ | 126½ | 89⅛ | 148⅜ | 36 | 71¼ | 47⅝ | 69⅜ | .. |
| Do. Pfd. | 133½ | 110 | 123¼ | 106 | 119 | 67½ | 101½ | 91 | 99 | 7 |
| Am. Sumatra Tobacco | .. | .. | 145⅜ | 15 | 120½ | 6⅜ | 24½ | 6 | 11½ | .. |
| Do. Pfd. | .. | .. | 103 | 75 | 105 | 22½ | 88 | 28 | †81 | .. |
| Am. Tel. & Tel. | 153⅝ | 101 | 134½ | 90⅝ | 134⅜ | 92½ | 144¼ | 130⅝ | 142¼ | 9 |

# Price Range of Active Stocks

## INDUSTRIALS—*Continued*

| | Pre-War Period 1909-1913 High | Pre-War Period 1909-1913 Low | War Period 1914-1918 High | War Period 1914-1918 Low | Post-War Period 1919-1924 High | Post-War Period 1919-1924 Low | 1925 High | 1925 Low | Last Sale Sept. 16 | Div'd $ per Share |
|---|---|---|---|---|---|---|---|---|---|---|
| Am. Tobacco | *330 | *200 | *236 | *123 | *314⅛ | 82⅝ | 110⅝ | 85 | 110 | 7 |
| Do. Com. B | .. | .. | .. | .. | *210 | 81⅛ | 109⅝ | 84½ | 109½ | 7 |
| Am. Water Wks. & Elec. | .. | .. | .. | .. | *144 | *4 | 68⅛ | 34⅜ | 57 | 1.20 |
| Am. Woolen | 40⅝ | 15 | 60⅞ | 12 | 169⅛ | 51¼ | 64⅜ | 34⅜ | 41 | .. |
| Do. Pfd. | 107⅝ | 74 | 102 | 72½ | 111⅞ | 88½ | 96⅛ | 69½ | 88 | 7 |
| Anaconda Copper | 54⅜ | 27⅛ | 105⅝ | 24¼ | 77⅞ | 28½ | 48 | 35¼ | 45⅜ | 3 |
| Associated Dry Goods | .. | .. | 28 | 10 | 140⅛ | 45 | 55⅜ | 46½ | 50⅝ | 2½ |
| Do. 1st Pfd. | .. | .. | 75 | 50⅛ | 94 | 49⅞ | 100 | 94 | †98 | 6 |
| Do. 2nd Pfd. | .. | .. | 49½ | 35 | 102⅝ | 38 | 108 | 101 | †104 | 7 |
| Associated Oil | .. | .. | *78⅝ | *52⅛ | *142 | 24⅞ | 41½ | 32 | 36¼ | 2 |
| Atl. Gulf & W. Indies | 13 | 5 | 147⅞ | 4½ | 192⅝ | 9⅛ | 70⅞ | 20 | 69⅝ | .. |
| Do. Pfd. | 32 | 10 | 74⅝ | 9⅞ | 76⅛ | 6⅜ | 59 | 31 | 58½ | .. |
| Atlantic Refining | .. | .. | .. | . | *1575 | 78⅛ | 117⅛ | 95½ | 101 | .. |
| Austin Nichols | .. | .. | .. | .. | 40⅝ | 8 | 32½ | 22 | 28 | .. |
| Do. Pfd. | .. | .. | .. | .. | 91 | 80⅝ | 95 | 87⅜ | †93 | 7 |
| Baldwin Locomotive | 60⅝ | 36¼ | 154⅛ | 26⅝ | 156⅛ | 62¼ | 146 | 107 | 119⅝ | 7 |
| Do. Pfd. | 107½ | 100¼ | 114 | 90 | 118 | 92 | 116⅝ | 107 | †111 | 7 |
| Bethlehem Steel | *81⅝ | *18⅜ | 155⅛ | 59⅜ | 112 | 37⅜ | 53½ | 37 | 42 | .. |
| Do. 7% Pfd. | 80 | 4⅞ | 186 | 68 | 108 | 87 | 102 | 93¼ | 96⅞ | 7 |
| Do. 8% Pfd. | .. | .. | 110⅛ | 92½ | 116⅝ | 90 | 116½ | 109 | †114½ | 8 |
| Brooklyn Edison Electric | 134 | 123 | 131 | 87 | 124⅝ | 82 | 140⅝ | 120⅝ | 138⅝ | 8 |
| Brooklyn Union Gas | 164⅛ | 118 | 138⅝ | 78 | 128 | 41 | 91⅝ | 75⅛ | 88¼ | 4 |
| Burns Brothers | 45 | 41 | 161⅛ | 50 | 147 | 76 | 120⅜ | 92½ | 116 | 10 |
| Do. B | .. | .. | .. | .. | 53 | 19⅝ | 32⅛ | 17 | 30⅝ | 2 |
| Butte & Superior | .. | .. | 105⅛ | 13⅛ | 37⅞ | 8 | 24¼ | 6½ | 12⅝ | 1 |
| California Packing | .. | .. | 80 | 30 | 100¼ | 48¼ | 132½ | 100½ | 130 | 6 |
| California Petroleum | 72½ | 16 | 42⅝ | 8 | 71⅞ | 15⅞ | 32⅞ | 23⅞ | 26¾ | 2 |
| Central Leather | 51⅝ | 16⅛ | 123 | 25⅞ | 116⅛ | 8⅝ | 21⅜ | 14⅜ | 20¼ | .. |
| Do. Pfd. | 111 | 86 | 117½ | 94⅞ | 114 | 28⅛ | 66 | 49¼ | 62¼ | .. |
| Cerro de Pasco Copper | .. | .. | 55 | 25 | 67½ | 23 | 55½ | 43⅛ | 54 | 4 |
| Chandler Motor | .. | .. | 109⅝ | 56 | 141¼ | 26⅞ | 39⅝ | 27½ | 38¼ | 3 |
| Chile Copper | .. | .. | 39¼ | 11⅛ | 38⅜ | 7 | 37⅝ | 30½ | 35⅛ | 2½ |
| Chino Copper | 50⅝ | 6 | 74 | 31⅝ | 50⅝ | 14⅜ | 28⅜ | 19 | †22 | .. |
| Chrysler Corp. | .. | .. | .. | .. | .. | .. | 158¾ | 108¼ | 157⅞ | .. |
| Do. Pfd. | .. | .. | .. | .. | .. | .. | 109¼ | 100⅛ | 106 | 8 |
| Coca Cola | .. | .. | .. | .. | 83⅜ | 18 | 146 | 80 | 144⅜ | 7 |
| Colorado Fuel & Iron | 53 | 22⅛ | 66⅛ | 20⅛ | 56 | 20 | 48¼ | 32¼ | 41 | .. |
| Columbia Gas & Elec. | .. | .. | 54⅛ | 14¼ | 114⅞ | 30¼ | 75¾ | 45¾ | 73⅛ | 2.60 |
| Congoleum-Nairn | .. | .. | .. | .. | *184⅜ | 32⅜ | 43½ | 22 | 23¼ | 2 |
| Consolidated Cigar | .. | .. | .. | .. | 80 | 11⅜ | 44⅛ | 26½ | 40⅜ | .. |
| Consolidated Gas | *165⅛ | *114⅛ | *150⅛ | *112⅛ | *145⅜ | 56⅜ | 92⅜ | 74⅛ | 90⅝ | 5 |
| Continental Can | .. | .. | *127 | *37⅛ | *121⅜ | *34⅜ | 80 | 60½ | 77⅝ | 4 |
| Corn Products Refining | 26⅛ | 7⅝ | 50⅛ | 7 | 160⅛ | 31½ | 41⅝ | 32⅜ | 35¾ | 2 |
| Do. Pfd. | 98⅛ | 61 | 113⅛ | 58⅛ | 123⅜ | 96 | 127 | 118⅛ | 122 | 7 |
| Crucible Steel | 19⅝ | 6⅛ | 109⅞ | 12¼ | 278⅛ | 46 | 79⅜ | 64½ | 76 | 4 |
| Cuba Cane Sugar | .. | .. | 76⅝ | 24⅞ | 89⅜ | 8⅝ | 14⅝ | 8½ | 10⅛ | .. |
| Do. Pfd. | .. | .. | 100⅛ | 77¼ | 87⅞ | 13⅛ | 62⅝ | 41 | 45 | .. |
| Cuban-American Sugar | *55 | 33 | *273 | *38 | *605 | 10⅞ | 33½ | 22 | 24½ | 2 |
| Cuyamel Fruit | .. | .. | .. | .. | 74½ | 45⅛ | 59 | 50 | †52½ | 4 |
| Davison Chemical | .. | .. | .. | .. | 81¼ | 20⅜ | 49⅜ | 27⅞ | 42¼ | .. |
| Dupont de Nemours | .. | .. | .. | .. | 169⅜ | 105 | 201½ | 134¼ | 167½ | ‡8 |
| Eastman Kodak | *No | Sales | *605 | *605 | *690 | 70 | 118 | 104¾ | 107 | ‡5 |
| Electric Storage Battery | *64⅛ | *42 | *78 | *42¼ | *153 | 37 | 70¾ | 60¾ | 68¾ | 4 |
| Endicott-Johnson | ... | .. | . | .. | 150 | 44 | 73⅞ | 63⅜ | 73⅝ | 5 |
| Do. Pfd. | .. | .. | .. | .. | 119 | 84 | 116¾ | 112½ | †116 | 7 |
| Famous Players-Lasky | .. | .. | .. | .. | 123 | 40 | 114¾ | 90¼ | 112¼ | 8 |
| Do. Pfd. | .. | .. | .. | .. | 108⅛ | 66 | 120 | 103⅞ | 117⅝ | 8 |
| Fisher Body | .. | .. | 43 | 25 | 240 | 75 | 89¼ | 60¼ | 88 | 5 |
| Fisk Rubber | .. | .. | .. | .. | 55 | 5⅛ | 25⅝ | 10½ | 24⅝ | .. |
| Do. 1st Pfd. | .. | .. | .. | .. | 86 | 38⅛ | 109¾ | 75½ | †106 | 7 |
| Fleischmann Co. | .. | .. | .. | .. | 90¼ | 37⅜ | 116⅝ | 75 | 115 | ‡4 |
| Foundation Co. | .. | .. | .. | .. | 94⅝ | 68¼ | 141¾ | 89½ | 136½ | 8 |
| Freeport-Texas | .. | .. | 70¼ | 25⅝ | 64⅜ | 7⅛ | 18⅞ | 8 | 16⅜ | .. |
| General Asphalt | 42⅞ | 15⅛ | 39⅝ | 14¼ | 160 | 23 | 63¾ | 42½ | 56 | .. |
| General Cigar | .. | .. | .. | .. | 98⅝ | 47 | 101¾ | 84½ | 94¾ | 8 |
| General Electric | 188⅛ | 129⅝ | 187¼ | 118 | 322 | 169¼ | 337¼ | 327½ | 320½ | 8 |
| General Motors | *51⅝ | *25 | *850 | *74⅛ | 66⅜ | *8¼ | 100¼ | 64⅝ | 99⅝ | ‡6 |
| Do. 7% Pfd. | .. | .. | .. | .. | 103¼ | 95⅛ | 113⅜ | 102 | 112⅝ | 7 |
| General Petroleum | .. | .. | .. | .. | 45 | 38⅜ | 59 | 42 | 47¾ | 2 |
| Goodrich (B. F.) Co. | 80⅛ | 15⅛ | 80¼ | 19⅝ | 93⅜ | 17 | 64¼ | 36⅜ | 63¼ | 4 |
| Do. Pfd. | 109⅜ | 73⅝ | 116⅜ | 79⅝ | 109¼ | 62¼ | 100¼ | 92 | †98 | 7 |
| Goodyear T. & R. Pfd. | .. | .. | .. | .. | 90⅝ | 65 | 105¾ | 86⅛ | 103⅝ | 7 |
| Do. prior Pfd. | .. | .. | .. | .. | 108⅛ | 88 | 108 | 103 | 105⅝ | 8 |
| Granby Consolidated | 78⅛ | 26 | 120 | 58 | 88 | 12 | 21⅛ | 13 | 19⅜ | .. |
| Great Northern Ore Ctfs. | 88⅛ | 25⅛ | 50⅝ | 22¼ | 52⅜ | 24⅞ | 40½ | 26¾ | 32 | 1 |
| Gulf States Steel | .. | .. | 137 | 56⅜ | 104⅝ | 26 | 94⅞ | 67⅛ | 83 | 5 |
| Hayes Wheel | .. | .. | .. | .. | 52⅞ | 21 | 44½ | 30 | 41¼ | ‡3 |
| Houston Oil | 25⅛ | 8⅛ | 96 | 10 | 116⅛ | 40¼ | 85 | 59 | 67 | .. |
| Hudson Motor Car | .. | .. | .. | .. | 36 | 19⅝ | 67½ | 33¼ | 65⅛ | 3 |
| Hupp Motor Car | .. | .. | 11⅝ | 2⅛ | 30¼ | 4⅝ | 22 | 14¼ | 21 | 1 |
| Inland Steel | .. | .. | .. | .. | 48⅜ | 31⅛ | 50 | 38⅜ | 43¼ | 2½ |
| Inspiration Copper | 21⅝ | 13⅝ | 74⅜ | 14⅛ | 68⅞ | 22¼ | 39¾ | 22¼ | 28⅜ | 2 |
| Inter. Business Mach. | .. | .. | 52⅝ | 24 | 118⅝ | 28⅜ | 147⅜ | 110 | 144 | 8 |
| Inter. Combustion Eng. | .. | .. | .. | .. | 39 | 19⅝ | 51 | 31¾ | 46⅞ | 2 |
| Inter. Harvester | .. | .. | 121 | 104 | 149⅝ | 60⅜ | 134 | 96⅛ | 131¼ | 5 |
| Inter. Merctl. Marine | 9 | 2⅛ | 50⅝ | ⅝ | 67⅜ | 4⅞ | 14⅞ | 7⅛ | †8½ | .. |
| Do. Pfd. | 27⅝ | 12⅛ | 125⅝ | 8 | 126⅛ | 18⅛ | 52¾ | 27 | 39 | .. |
| Inter. Nickel | *227⅛ | *135 | 57¼ | 24⅛ | 28⅞ | 10⅜ | 35⅝ | 24 | 34½ | 2 |
| Inter. Paper | 19⅝ | 6⅛ | 75⅛ | 9⅛ | 91⅜ | 27⅞ | 74⅝ | 48¼ | 69 | .. |
| Kelly-Springfield Tire | .. | .. | 85⅛ | 36⅝ | 164 | 9⅝ | 21⅞ | 12¼ | 18⅛ | .. |
| Do. 8% Pfd. | .. | .. | 101 | 72 | 110¼ | 29 | 74 | 41 | †64 | .. |
| Kennecott Copper | .. | .. | 64⅛ | 25 | 67⅜ | 14⅜ | 57¾ | 46½ | 55⅞ | 3 |
| Kinney (G. R.) Co. | .. | .. | .. | .. | 80⅛ | 35⅛ | 87⅜ | 72 | 79¼ | 4 |
| Lima Locomotive | .. | .. | .. | .. | 74⅞ | 52 | 74⅜ | 60 | 69½ | 4 |
| Loew's, Inc. | .. | .. | .. | .. | 38⅝ | 10 | 38⅞ | 23 | 34⅞ | 2 |
| Loft, Inc. | .. | .. | .. | .. | 28 | 5⅛ | 9⅛ | 6 | 7⅛ | .. |
| Lorillard (P.) Co. | *215⅛ | *150 | *239⅝ | *144⅛ | *245 | 23⅜ | 36¼ | 30¼ | 34 | 3 |
| Mack Trucks | .. | .. | .. | .. | 179 | 25½ | 238 | 117 | 210¼ | 6 |
| Magma Copper | .. | .. | .. | .. | 48⅝ | 26⅛ | 44½ | 34 | 33½ | 3 |
| Mallinson & Co. | .. | .. | .. | .. | 45 | 8 | 37½ | 21⅝ | 25⅜ | .. |
| Maracaibo Oil Explor. | .. | .. | .. | .. | 37¼ | 19 | 35½ | 20½ | 22 | .. |
| Marland Oil | .. | .. | .. | .. | 59⅝ | 12⅛ | 47⅜ | 32⅝ | 43⅝ | 3 |

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# New York Stock Exchange

## Price Range of Active Stocks

### INDUSTRIALS—*Continued*

| | Pre-War Period 1909-1913 High | Pre-War Period 1909-1913 Low | War Period 1914-1918 High | War Period 1914-1918 Low | Post-War Period 1919-1924 High | Post-War Period 1919-1924 Low | 1925 High | 1925 Low | Last Sale Sept. 16 | Div'd $ per Share |
|---|---|---|---|---|---|---|---|---|---|---|
| May Department Stores | *88 | *65 | *97½ | *35 | *174⅝ | *60 | 128¾ | 101 | 119 | 5 |
| Mexican Seaboard Oil | .. | .. | .. | .. | 34½ | 5¾ | 22½ | 11⅛ | 13½ | .. |
| Miami Copper | 30⅛ | 12⅜ | 49⅝ | 16⅛ | 32⅞ | 14½ | 24⅜ | 8 | 9⅝ | 1 |
| Montgomery Ward | .. | .. | .. | .. | 48½ | 12 | 73 | 41 | 69⅝ | .. |
| National Biscuit | *161 | *96½ | *139 | *79⅞ | *270 | 35⅝ | 75⅝ | 65 | 72 | 3 |
| National Dairy Prod. | .. | .. | .. | .. | 44½ | 30½ | 68½ | 42 | 66½ | 3 |
| National Enam. & Stamp. | 30¼ | 9 | 54½ | 9 | 39½ | 18½ | 39 | 25 | †35½ | .. |
| National Lead | 91 | 42½ | 74⅝ | 44 | 169½ | 63½ | 166⅞ | 138½ | 154½ | 8 |
| N. Y. Air Brake | 98 | 45 | 130 | 55⅞ | 145⅜ | 26⅝ | 56½ | 42⅜ | 48⅝ | 4 |
| Do. Class A | .. | .. | .. | .. | 57 | 45⅝ | 57½ | 51 | 55½ | 4 |
| N. Y. Dock | 40⅛ | 8 | 27 | 9¼ | 70⅜ | 15¼ | 36⅝ | 18 | 32 | .. |
| North American | *87⅞ | *60 | *81 | *38⅞ | *119½ | 17½ | 60⅞ | 41½ | 59⅝ | 3.40 |
| Do. Pfd. | .. | .. | .. | .. | 50¼ | 31⅞ | 50½ | 46⅝ | 50½ | 3 |
| Pacific Oil | .. | .. | .. | .. | 69⅝ | 27½ | 65¼ | 51⅝ | 54½ | 3 |
| Packard Motor Car | .. | .. | .. | .. | 21 | 9⅞ | 41⅞ | 15 | 40⅞ | 1.20 |
| Pan.-Am. Pet. & Trans. | .. | .. | 70⅞ | 35 | 140¼ | 38½ | 83⅞ | 59½ | 65½ | 6 |
| Do. Class B | .. | .. | .. | .. | 111⅜ | 34½ | 84½ | 60⅛ | 65 | 6 |
| Philadelphia Co. | 59⅛ | 37 | 48⅞ | 21½ | 57½ | 26½ | 62⅜ | 51½ | 59 | 4 |
| Phila. & Reading C. & I. | .. | .. | .. | .. | 54¼ | 34½ | 52½ | 37⅜ | 43 | .. |
| Phillips Petroleum | .. | .. | .. | .. | 69⅝ | 16 | 47½ | 36¼ | 38½ | 3 |
| Pierce-Arrow | .. | .. | 65 | 25 | 99 | 6⅛ | 44⅝ | 10⅞ | 41⅜ | .. |
| Do. Pfd. | .. | .. | 109 | 88 | 111 | 13½ | 94 | 43 | 90⅝ | .. |
| Pittsburgh Coal | *29⅝ | *10 | 58¾ | 37½ | 74⅝ | 45 | 54½ | 37¼ | †42 | .. |
| Postum Cereal | .. | .. | .. | .. | 134 | 47 | 143 | 93¼ | 136⅜ | 4 |
| Pressed Steel Car | 56 | 18½ | 88¼ | 17¼ | 113⅜ | 39 | 69 | 45 | 56 | .. |
| Do. Pfd. | 112 | 88½ | 109⅛ | 69 | 106 | 67 | 92½ | 76½ | †80 | 7 |
| Pub. Serv. N. J. | .. | .. | .. | .. | 70 | 39 | 87⅞ | 62⅝ | 80 | 5 |
| Pullman Company | 200 | 149 | 177 | 106½ | 151⅝ | 57¾ | 160¼ | 129 | 159⅝ | 8 |
| Punta Alegre Sugar | .. | .. | 51 | 29 | 120 | 24¾ | 47½ | 33 | 35½ | .. |
| Pure Oil | .. | .. | 143⅞ | 31⅞ | 61⅞ | 16¼ | 33¾ | 25⅛ | 26¾ | 1½ |
| Radio. Corp. of Am. | .. | .. | .. | .. | 66⅝ | 25⅞ | 77⅞ | 48⅜ | 61¼ | .. |
| Railway Steel Spring | 54½ | 22¼ | 78½ | 19 | 137½ | 67 | 153½ | 122½ | 153½ | 8 |
| Do. Pfd. | 113⅜ | 90¼ | 105½ | 75 | 121½ | 92½ | 121 | 114¼ | †119½ | 7 |
| Ray Consol. Copper | 27½ | 7½ | 37 | 15 | 27½ | 9⅞ | 17⅜ | 11⅜ | 14 | .. |
| Replogle Steel | .. | .. | .. | .. | 83½ | 7¼ | 23¼ | 12⅝ | 17 | .. |
| Republic Iron & Steel | 49⅛ | 15⅜ | 96 | 18 | 145 | 40⅝ | 64⅜ | 42½ | 52½ | .. |
| Do. Pfd. | 111¼ | 64½ | 112⅝ | 72 | 106⅜ | 74 | 95 | 84¼ | 91¼ | 7 |
| Royal Dutch N. Y. | .. | .. | 86 | 56 | 123⅝ | 40⅝ | 57⅜ | 48½ | 50 | a1.73½ |
| Savage Arms | .. | .. | 119⅝ | 39⅞ | 94½ | 8⅞ | 108⅝ | 48½ | 68½ | .. |
| Schulte Retail Stores | .. | .. | .. | .. | 129¼ | 88 | 116⅞ | 101⅜ | 106 | §6 |
| Sears, Roebuck & Co. | 124⅜ | 101 | 233 | 120 | 243 | 54½ | 223⅞ | 147½ | 218 | 6 |
| Shell Trans. & Trading | .. | .. | .. | .. | 90¼ | 29½ | 45⅝ | 39⅜ | †40¼ | 2.16 |
| Shell Union Oil | .. | .. | .. | .. | 22½ | 12⅛ | 28⅜ | 21⅝ | 22⅝ | 1.40 |
| Simmons Company | .. | .. | .. | .. | 37 | 22 | 53⅛ | 31¼ | 53½ | 2 |
| Simms Petroleum | .. | .. | .. | .. | 24 | 6⅛ | 26⅜ | 17⅝ | 19⅝ | 1 |
| Sinclair Consol. Oil | .. | .. | 67⅛ | 25½ | 64¼ | 15 | 24⅞ | 17 | 18⅞ | .. |
| Skelly Oil | .. | .. | .. | .. | 35 | 8⅝ | 30½ | 21⅝ | 26 | .. |
| Sloss-Sh. Steel & Iron | 94⅝ | 23 | 93¼ | 19⅛ | 89 | 32½ | 107½ | 80¼ | 101 | 6 |
| Standard Oil of Calif. | .. | .. | .. | .. | 135 | 47½ | 67¼ | 51½ | 53⅝ | 2 |
| Standard Oil N. J. | *445 | *322 | *800 | *355 | *212 | 30⅞ | 47½ | 38⅝ | 39⅝ | 1 |
| Do. Pfd. | .. | .. | .. | .. | 119⅝ | 100⅛ | 119 | 116¼ | 117 | 7 |
| Stewart-Warner Speed | .. | .. | *100½ | *43 | *181 | 21 | 77⅞ | 55 | 73⅜ | 5 |
| Stromberg Carburetor | .. | .. | 45¼ | 21 | 118¼ | 22⅛ | 79⅜ | 61 | 73 | 6 |
| Studebaker Company | 49½ | 15⅝ | 195 | 20 | 151 | 30½ | 57½ | 41¼ | 57 | 4 |
| Do. Pfd. | 98⅛ | 64½ | 119⅛ | 70 | 118¼ | 76 | 118⅜ | 112 | 118¼ | 7 |
| Tennessee Cop. & Chem. | .. | .. | 21 | 11 | 17½ | 6¼ | 12¼ | 7⅝ | 11 | 1 |
| Texas Co. | 144 | 74½ | 243 | 112 | 57⅞ | 29 | 54⅜ | 42⅜ | 48 | 3 |
| Texas Gulf Sulphur | .. | .. | .. | .. | 110 | 32⅝ | 115 | 97½ | 110¼ | 8 |
| Tex. & Pac. Coal & Oil | .. | .. | .. | .. | 195 | 5½ | 23⅜ | 10⅞ | 11⅜ | .. |
| Tide Water Oil | .. | .. | 225 | 165 | 275 | 94 | 36¼ | 30½ | 32⅞ | 1 |
| Timken Roller Bearing | .. | .. | .. | .. | 45 | 28⅛ | 46⅜ | 37⅜ | 35⅝ | ‡3 |
| Tobacco Products | 145 | 100 | 82⅝ | 25 | 115 | 45 | 94½ | 70 | 92 | 6 |
| Do. Class A | .. | .. | .. | .. | 93½ | 76½ | 106 | 93½ | 103⅜ | 7 |
| Transcontinental Oil | .. | .. | .. | .. | 62⅝ | 1¼ | 5⅞ | 3⅜ | 3⅜ | .. |
| Union Oil of Calif. | .. | .. | .. | .. | 39 | 35 | 43⅜ | 33½ | 33⅜ | 1.80 |
| United Cigar Stores | .. | .. | *127⅞ | *8⅝ | *255 | 42½ | 96½ | 60¼ | 84 | §3¼ |
| United Drug | .. | .. | 90⅞ | 64 | 175⅛ | 46¼ | 133½ | 110⅞ | 132 | 7 |
| Do. 1st Pfd. | .. | .. | 54 | 46 | 58½ | 36⅝ | 56 | 52 | 55½ | 3½ |
| United Fruit | 208½ | 126½ | 175 | 105 | 224⅞ | 95¾ | 234 | 204⅞ | 231⅞ | 10 |
| United Ry. Investment | 49 | 16 | 27½ | 4¼ | 41 | 6 | 33½ | 18 | †23 | .. |
| Do. Pfd. | 77 | 30 | 49¼ | 10½ | 64⅞ | 14 | 83¼ | 48½ | 69 | .. |
| U. S. Cast I. Pipe & F. | 32 | 9¼ | 31⅞ | 7⅝ | 169⅝ | 10⅛ | 250 | 131¼ | 168¼ | .. |
| Do. Pfd. | 84 | 40 | 67½ | 30 | 104¼ | 38 | 113 | 91 | †106 | 7 |
| U. S. Indus. Alcohol | 57¼ | 24 | 171½ | 15 | 167 | 35¼ | 94⅝ | 76 | 90⅜ | .. |
| U. S. Realty & Imp. | 87 | 49⅝ | 68⅜ | 8 | 142½ | 17¼ | 147¾ | 114½ | 141¼ | 8 |
| U. S. Rubber | 59⅛ | 27 | 80½ | 44 | 143⅜ | 22½ | 65½ | 33½ | 59½ | .. |
| Do. 1st Pfd. | 123½ | 98 | 115¼ | 91 | 119¼ | 66½ | 108¾ | 92⅜ | 104¼ | 8 |
| U. S. Smelt., Ref. & Min. | 59 | 30⅝ | 81½ | 20 | 78¼ | 18⅜ | 46⅜ | 30 | 46½ | 3 |
| U. S. Steel | 94⅞ | 41¼ | 136⅝ | 38 | 121 | 70¼ | 129⅝ | 112⅜ | 124 | ‡5 |
| Do. Pfd. | 131 | 102½ | 123 | 102 | 123½ | 104 | 126⅝ | 122½ | 125 | 7 |
| Utah Copper | 67⅛ | 38 | 130 | 48⅛ | 97½ | 41⅛ | 100½ | 82 | †95 | 4 |
| Vanadium Corp. | .. | .. | .. | .. | 97 | 19¼ | 34¾ | 25⅝ | 30½ | 3 |
| Western Union | 86¼ | 56 | 105⅛ | 53¾ | 121½ | 76 | 137½ | 116¼ | 136⅜ | 7 |
| Westinghouse Air Brake | 141 | 132½ | 143 | 95 | 124½ | 76 | 144 | 97 | 131 | 6 |
| Westinghouse E. & M. | 45 | 24⅜ | 74⅞ | 32 | 71⅜ | 38⅞ | 84 | 60¼ | 76 | 4 |
| White Eagle Oil | .. | .. | .. | .. | 34 | 20 | 31⅜ | 25½ | 25⅝ | 2 |
| White Motors | .. | .. | 60 | 30 | 56 | 29½ | 104½ | 57½ | 95 | 4 |
| Willys-Overland | *75 | *50 | *325 | 15 | 40¼ | 4¼ | 28⅜ | 9⅛ | 27¼ | .. |
| Do. Pfd. | .. | .. | 100 | 49 | 98½ | 23 | 111 | 72¼ | 109 | 7 |
| Wilson & Co. | .. | .. | 84½ | 42 | 104⅞ | 4½ | 13⅜ | 5½ | †5½ | .. |
| Woolworth (F. W.) Co. | *177⅞ | *76½ | *151 | *81½ | *345 | 72½ | 172¾ | 112½ | 168⅜ | 5 |
| Worthington Pump | .. | .. | 69 | 23¼ | 117 | 19⅞ | 79⅜ | 35¼ | 42¼ | .. |
| Do. Pfd. A | .. | .. | 100 | 85⅞ | 98⅛ | 65 | 88 | 77 | †80 | 7 |
| Do. Pfd. B | .. | .. | 78⅜ | 50 | 81 | 53½ | 79⅜ | 35¼ | 42¼ | 6 |
| Youngstown Sh. & Tube | .. | .. | .. | .. | 86 | 59⅜ | 81 | 63 | 78¼ | 4 |

* Old Stock. † Bid price given where no sales made. ‡ Not including extras. § Payable in stock. ¶ Partly stock. a Paid this year.

## ICE CREAM—A NEW FIELD FOR INVESTMENT

*(Continued from page 1007)*

*York Curb) is selling 18 points above the original public offering price and has discounted the more immediate prospects for expansion in earning power and should be purchased only as a long range speculation. If, as anticipated, dividends are inaugurated at the rate of $2 a share per annum, this issue would yield 4.9%. The convertible debentures at 113 yield 4.8% to maturity and are to be given preference over the common stock since they have a prior claim on earnings and possess equal long pull speculative attraction in view of the conversion feature. Even though called, holders of the issue would still have an opportunity to exercise this conversion privilege.*

*SOUTHERN DAIRIES, INC.* Southern Dairies, Inc., the very newest of ice cream companies, will succeed to an already established business whose stamping ground is south of the Mason-Dixon line. Southern Dairies has outstanding 110,000 shares of Class A and 200,000 shares of Class B stocks which constitute the sole capitalization at present.

The Class A shares are being offered to holders of the 100,000 no par shares of Chapin-Sacks, Inc., in equal exchange. Southern Dairies will thus acquire the 90% voting stock of Chapin-Sacks Corporation, operating subsidiary of Chapin-Sacks, Inc.

The former, which was organized in 1901, has manufacturing plants in seventeen southeastern cities from Washington to Jacksonville. The properties also include distributing and milk supply stations and creameries. Chapin's output is sold under the trade slogan "The Velvet Kind—Cream of Ice Cream."

Southern Dairies proposes to add to the Chapin-Sacks facilities by acquiring other ice cream and dairy properties in Florida. Development plans also contemplate building up a source of milk and cream supply in the so-called "Black Belt" in Alabama.

It is difficult to formulate definite conclusions with respect to the earning power of Southern Dairies since no data is at hand to indicate what the Florida properties will add to the earnings of its principal subsidiary, Chapin-Sacks Corp. The management has recently estimated prospective gross sales for 1926 at 10 million dollars and operating profits sufficient to show $6 a share for the combined Class A and B common stocks. Whether these figures are attained will be for the future to determine. Meanwhile, earnings of Chapin-Sacks have shown substantial improvement in the past year or more in conformity with the rapid development of Florida.

Dividends for the Class B shares do

not appear to be within the range of nearby probabilities, but payments on the Class A stock may be anticipated more reasonably. This issue is entitled to receive $4 a share non-cumulative before any disbursement is made to the B shares. After a like amount has been paid on the junior security, both stocks participate equally in further payments.

*Both issues would seem to have some further speculative possibilities, based upon future expansion of the company and growing earning power. In view of the Class A stock's dividend provisions, however, this issue is in the stronger position despite the fact that, at recent prices around 53, it sells approximately twenty points above the Class B shares.*

## ANSWERS TO INQUIRIES

(*Continued from page 1018*)

### *CONTINENTAL OIL*

*I recently bought Continental Oil on the Curb at 24½. Is the balance sheet and income account of the Continental Oil Company (of Maine) and affiliated companies the financial statement of the company in which I have bought stock? There are so many numerous subsidiaries of these oil and other companies which sound so often alike—particularly Curb stocks—that I want to get this straight.—P. A. F., New York.*

Without doubt you are holding the stock of the Continental Oil Company of Maine. These shares are now quoted on the Curb around 24. We think well of this issue. The company, which is a consolidation of Continental Oil, a former Standard Oil subsidiary, with Mutual Oil, represents a complete cycle in the industry, being a successful producer, refiner and marketer of petroleum and its products. The financial condition of the company is good, and it is well supplied with cash and working capital. Management is excellent. Its recent income statement shows a slight falling off in earnings, but on the whole the company can be depended upon to cover its requirements by a comfortable margin. The shares might be said to have good long-range speculative possibilities.

### *CENTRAL LEATHER*

*For several years I had been holding Central Leather preferred which cost me 80. I sold it at a loss, but held on to my common shares as I had but 20, costing me less than $500. I am wondering if it would be advisable to reinstate my preferred holdings around the present market and wish you would advise me how high you think the stocks are going.—G. A. K., Washington, D. C.*

The proper procedure would have been to have held your preferred. It stands to reason that any improvement in the affairs of the company must find its first reflection in the market movements of the senior shares. As a matter of fact, the outlook for the company is brighter than it has been for some time. The heavy operating deficit of preceding years has been replaced

(*Please turn to page 1032*)

## B. Y. F. I.'s PRIZE CONTEST

*(Continued from page 1009)*

to an article in which the idea is buried under a mass of words. *Ergo* make your idea (or ideas) supreme, clean-cut, strong; and let the words take care of themselves.

Experienced editors can generally judge when a writer doesn't know what he's talking about; the editors of this publication have been garnering experience for lo, these many years. Verbum sap.

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The following point bears emphasis: Articles submitted in the contest do not have to be prize-winners in order to be worth the while of their writers. Every article received will be carefully scanned, first with an eye to its relative merits as a prize-entry; second with an eye to its availability for publication in these columns.

After the contest has ended, every competitor will receive a letter of acknowledgment in respect to his manuscript; and those whose manuscripts are deemed available for publication here will be asked to permit their publication at a later date, in the understanding that regular rates for same will be paid upon publication.

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As said before, BYFI expects this contest to prove the most successful of all the contests conducted by this department. The larger prizes offered, however, are not the only reason. Additional factors include (1) the great increase in the number of persons reading this publication; and (2) the growth in the number of persons who are interested in sound personal finance.

In developing both these factors, the BYFI Department likes to feel that its influence has been of some constructive value.

### Important Corporation Meetings

| Company | Specification | Date of Meeting |
|---|---|---|
| Abitibi Power & Paper Co. | Pfd. & Com. Divs. | 9-29 |
| Allied Chem. & Dye | Com. Dividend | 9-29 |
| American Can Co. | Com. Dividend | 9-29 |
| Continental Motors | Dividend | 9-29 |
| Baltimore & Ohio R. R. | Dividend | 9-30 |
| Atlantic Refining Co. | Pfd. Dividend | 10-1 |
| Allis-Chalmers Mfg. | Com. Dividend | 10-2 |
| International Nickel | Pfd. Dividend | 10-5 |
| Miami Copper Co. | Dividend | 10-5 |
| Amer. Smelting & Ref. | Directors | 10-6 |
| Atchison, Topeka & Santa Fe. | Com. Dividend | 10-6 |
| Fisher Body Corp. | Dividend | 10-6 |
| Brown Shoe Corp. | Pfd. Dividend | 10-6 |
| Drex Carpet | Annual | 10-6 |
| Gimbel Bros. | Pfd. Dividend | 10-6 |
| Ingersoll-Rand Co. | Special | 10-6 |
| Nash Motors Co. | Pfd. Dividend | 10-6 |
| Pacific Oil | Annual | 10-6 |
| St. Louis-Southwestern Ry | Annual | 10-6 |
| Western Pacific R. R. | Annual | 10-6 |
| Cluett, Peabody & Co. | Com. Dividend | 10-7 |
| Mullins Body Corp. | Pfd. Dividend | 10-7 |
| Punta Allegre Sugar | Dividend | 10-7 |
| California Packing | Dividend | 10-8 |
| Colorado Fuel & Iron | Directors | 10-8 |
| Simmons Company | Pfd. Dividend | 10-8 |
| Southern Pacific | Dividend | 10-8 |
| Cerro de Pasco Copper | Directors | 10-13 |
| General Cigar | Directors | 10-13 |
| National Biscuit Co. | Pfd. & Com. Divs. | 10-13 |
| Southern Railway | Annual | 10-13 |

with a modest profit, earnings being reported to be about $3 per share on the preferred in the first six months. The company is in good financial condition and has no early maturities to cause undue uneasiness. The preferred is in arrears to the extent of 29¾% in back dividends and although it will probably be some time before action can be taken to liquidate the same, the upward trend in earnings is gratifying to patient shareholders. We rate the preferred a good business man's speculation, suggesting a switch from the common into this issue. It is folly to attempt to forecast the probable peak price of a volatile speculative favorite such as this.

### *FAMOUS PLAYERS*

*I bought Famous Players on your recommendation, paying 81 for my stock. At that time you advised me that the stock had apparently good opportunities for substantial improvement over the Spring and Summer of this year. What is your opinion now? Shall I continue to hold this stock or take my profits?—R. A. H., Detroit, Mich.*

We see nothing in the present situation to warrant us advising you to dispose of your Famous Players. Apparently you are unaware that in the first six months of the current year this company earned $7.04 on the common stock, which is within 96c. of the entire year's dividend requirement. This compares with $4.32 in 1924. As a matter of fact, the average earnings of the last seven years have been almost twice dividend payments. Working capital is in excess of 15 millions, and bills and accounts payable are minor items. An expansion policy is being followed with good results, the company now controlling 358 theatres in the United States, 90 in Canada and 10 abroad. Further progress in this direction is reasonably assured. In view of Famous Players' record to date and prospects for the future, we would say that the stock has not as yet come into its own.

### *THE PRAIRIE OIL & GAS COMPANY*

*I bought Prairie Oil & Gas some time ago at 60. I cannot understand the explanation they make for passing the dividend. It looks to me like bad management. Do you suppose I will be able to get out even on my holdings of this company? I also hold 50 shares of Prairie Pipe Line and would like your opinion on this company.—A. B. S., Brooklyn, N. Y.*

In view of its increased earnings in the first seven months the action of Prairie Oil & Gas in passing the dividend has occasioned some surprise, but is fully in line with the ultra-conservative policy followed by this company. The investment of the great bulk of its earnings in the business is offered as the explanation for its gradual rise to a dominant position in the mid-Continent field. Prairie foresees unsettled conditions ahead and rises to the opportunity to acquire large stocks of crude at reduced prices. The bad news is now out and though a revival in the industry may be delayed it must surely eventuate. We advise holding the stock for eventual recovery. We are not so optimistic as

regards Prairie Pipe Line. The company compares favorably with others in its class but earnings have gradually declined from the peak reached several years ago and competition from the coast through the Canal is becoming increasingly keen. We do not consider this stock a desirable holding.

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### PAIGE-DETROIT

*Do you think Paige-Detroit can continue the increased dividend basis upon which it has been established? What is the possibility of stock dividends being continued? How is the company faring in the price cutting war that seems to have been started among the motor companies?—G. B. S., Newark, N. J.*

If one could have reasonable assurance that the present showing of Paige-Detroit will be carried through to the indefinite future, the shares might be said to represent a very attractive holding. The company earned $2.95 on the common in the first six months of the current year, which is about four times the dividend requirements of the period. Paige is holding its own fairly well just now, due to the excellence of its products, but just what the future will bring forth is a matter of conjecture. Indications are that a period of keener competition with resultant lower margin of profit lies ahead, in the event of which transpiring Paige may be rather hard put to continue its present favorable showing. We are inclined to suggest a switch to American Chain, Class A. The earnings of the latter company are stabilized and a higher yield is obtainable.

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## THE OUTLOOK FOR NINE LEADING SHIPPING STOCKS

(*Continued from page* 1003)

equipment manufacturers of Baden, Switzerland, to purchase their holdings at $30 per share in cash. The option, however, is conditional upon New York Shipbuilding stockholders being allowed to receive a dividend of $15 per share, payable in preferred stock, before the sale to Brown, Boveri & Company is consummated. It is understood that the Swiss interests plan to specialize in the manufacture of Diesel engines and other electrical equipment and that the shipbuilding end of the business may be liquidated.

If the option is executed, minority stockholders will be allowed to participate along the same lines, but those who do not sell their stock to Brown, Boveri & Company subsequently will be offered the opportunity to exchange their shares for the shares of a new company to be organized, which will be known as the American-Brown, Boveri Company.

Most of New York Shipbuilding's earnings in recent years have been realized by watching expenses carefully and keeping the corporation in strong

**financial position.** Net in 1924 was 65 cents a share compared with 46 cents a share in 1923, $4.81 in 1922, $10 in 1921, $14.65 in 1920 and $4.33 in 1919. At the end of 1924 the company had over $3,000,000 in cash and marketable securities against $552,169, total current liabilities. An issue of $5,744,700 of first mortgage 5s, due in 1946, is outstanding ahead of the 200,000 shares of common on which irregular dividend payments have been made, distributions so far this year amounting to $2 a share.

*Unless the Swiss company exercises its option, New York Shipbuilding shares at this time appear to be overvalued. If the Swiss company takes over the properties, development of the new business probably will be slow; so it would be well to take profits in this stock.*

*NEW YORK DOCK* Strictly speaking, New York Dock is a real estate corporation rather than a shipping company; but operations and earnings are more dependent on shipping than on anything else. Properties, which include 159 bonded and free warehouses with 5,000,000 square feet of floor space, 34 ocean piers, 20 manufacturing buildings, direct railroad sidings and lighterage facilities, occupy a narrow strip of waterfront for two and a half miles along the Brooklyn side of New York Harbor, covering over 185 acres. They are assessed by the city of New York at $27,500,000.

The outstanding securities are 12.5 millions of 4% bonds due in 1951, 100,000 shares of 5% non-cumulative participating preferred stock and 70,000 shares of common. Average earnings for the past ten years have been $5.02 a share on the junior stock, but for the past three years net has been below this average, amounting to 77 cents in 1924, $1.75 in 1923 and $2.13 in 1922. Actual results for the first seven months indicate a net of $1.50 to $2.00 a share on the common for 1925 after $5 dividend on the preferred, paid since 1917. The common paid $2.50 a share from 1918 to 1921 inclusive, but is not now on a dividend basis.

Control has recently changed hands. The new management plans a more intensive development of earning power through unification of warehouses and other properties, and by providing a direct trucking service. Since the company has over $3,000,000 in cash and marketable securities, no new financing will be necessary.

*The floating supply of both common and preferred is small and both issues have wide market movements. The common at around 34, although it affords no direct income yield, has good long range possibilities. As a speculation it probably is more attractive right now then the preferred at 70 for it will be some years before the participating features of the senior stock results in dividends of more than 5%.*

**SUBMARINE BOAT** Submarine Boat is the successor of the old Electric Boat which had such a sensational stock market career on the New York Curb in the war days. Its assets up to recently consisted of a substantial working capital, dock and terminal facilities at Port Newark, N. J., a fleet of 32 cargo vessels each of 5,350 tons, a fleet of steel barges operating on the New York Ship Canal and manufacturing plants specializing in submarines and Diesel engines at Groton, Conn., and at Bayonne, N. J. The company also has important claims against the U. S. government which probably will be settled under the recently passed Omnibus Act.

In August, holders of the 766,920 shares, which constitute the company's only capitalization, received share for share in stock of Electric Boat, a new company formed to take over the manufacturing division. At the outset, the only property of this new company was $76,692 in cash, the sum paid by Submarine Boat for the entire capital stock; but eventually the manufacturing properties will be turned over in toto together with enough working capital to assure the efficient conduct of business. The old company will be left with the ship operating properties, and its name eventually probably will be changed to Transmarine Corporation.

The decline in the stock from a high of 12 in March to a recent low around 5 has been due to a feeling that Electric Boat was about to receive all the properties of the company from which sustained earnings are assured, and that Submarine Boat was to be left with a lot of unproductive shipping assets. This is only half true. The shipping operations last year broke even and probably will do nearly as well in 1925. But the most important thing from a speculative standpoint is that a settlement for around $3,000,000 with the United States government is reasonably assured, the proceeds accruing to the old company. In addition, Submarine Boat has a million or two in cash, owns extremely valuable terminal facilities at Port Newark and 32 cargo ships, twenty odd of which are in actual operation.

*The stock, while highly speculative and of doubtful current earning power, has definite possibilities of appreciation.*

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**UNITED FRUIT** United Fruit, by far the largest and most prosperous of the companies here discussed, is included because it operates a fleet of 55 steamships engaged in trade between the Atlantic Seaboard and the West Indies, doing a big freight and passenger business. The company is the world's largest farmer, the world's largest producer of bananas, the fifth largest producer of cane sugar, and has big investments in Radio Corporation, Carib Syndicate

and New England Oil Corporation.

Earnings on the 1,000,000 shares of stock (dividend rate $10 per annum and extras) in the first half year were about $13.50 a share, and the final net for the year probably will be between $20 and $30. This would compare with $17.29 a share in 1924, $23.10 in 1923 and $18.85 in 1922. Since holdings of cash and securities are between 27 and 28 millions, the outlook for a dividend increase or larger extras is excellent. There is the possibility, too, of a big extra stock dividend or a split up of the present shares.

Outlook for bananas is excellent, for shipping fair, and for sugar good. The company is a refiner as well as a producer, thus being better situated than the strictly producing sugar companies.

*United Fruit, of course, is a rich man's stock; but it has not had as big a market move as most of the high priced industrials and probably is not as much inflated. At around 224 it is desirable for business men's funds. The stock is more in the investment class than any other issue covered in this article.*

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*EASTERN STEAMSHIP* Eastern Steamship operates coastwise lines along the New England and Northern Atlantic Coast, specializing in summer freight and passenger traffic. The company's fleet of nineteen steamships is of approximately 45,000 gross tonnage. Some of the lines operated are the Bangor Line, Portland Line, International Line, Mount Desert and Blue Hill Line, Boothbay Line, Portland and Rockland Line, and the Metropolitan Line. Some of the better known boats in service are the Boston, Calvin Austin, Northland and New York.

Eastern Steamship always operates at a deficit during the winter months and enjoys very large earnings during the vacation season. Earnings this year, after interest charges on consolidated funded debt of nearly $3,000,000 and dividend requirements on 28,790 shares of 7% cumulative preferred and 85,254 shares of $3.50 cumulative preferred, probably will amount to between $2 and $4 a share on common stock compared with $1.14 a share in 1924 and $7.28 a share in 1923. The company's financial position is none too favorable, with cash holdings of $753,210 at the end of last year against $580,000 notes payable or bank loans, and $3,529,391, total current liabilities. Common dividends do not appear near, but the distributions on the preferred are fairly well protected.

*The big possibilities in Eastern Steamship common stock (traded in Boston) are more or less bound up in more aggressive development of the New England Coast. The common stock at around 56, compared with a high of 60¾ in August and a low of 42 in March, appears to have discounted near term possibilities.*

## CALIFORNIA PETROLEUM CORP.

*(Continued from page 1016)*

Petroleum and the balance by various steamship interests. Among these are individuals identified with the Admiral Line and Pacific Mail Steamship. Present plans contemplate the construction of a tanker fleet to connect the Seattle refinery with the terminal at Wilmington.

Another factor worthy of consideration was the action taken last July when the company's entire issue of 7% preferred stock was retired at $120 per share.

Since the preferred stock was entitled to participate equally with the common in all dividends over 7% on the latter, elimination of the senior issue has strengthened the position of the junior shareholders. This is more particularly the case inasmuch as the company is relieved of sinking fund requirements averaging $500,000 per annum by this action.

There are now 7.69 million dollars of bonded debt ahead of the 30.58 millions common stock whose par value was reduced from $100 to $25 a share in April, 1923. The company, however, has no bank loans and as of December 31, 1924 had 7.69 millions of current assets compared with 2.05 millions current liabilities.

In accordance with the improvement in oil prices shown during the first half of the current year and the recovery in production, net profits were equivalent to $1.87 a share for the common, after all charges, compared with $1.47 in the corresponding period last year. However, preferred dividends absorbed $415,629 of the first half-year's profits. Hence, while conditions in the oil industry have become less favorable, results in the final six months should, nevertheless, compare favorably with the preceding six months owing to the elimination of this item and the sinking fund charges referred to.

*California Petroleum would seem in a position to accord common shareholders more liberal treatment as soon as the oil business stabilizes. As a speculative issue of promise, the shares will bear watching with the idea of making commitments at the first indication of a turn in the outlook for the petroleum industry. At recent market prices around 26, the current $1.75 dividend gives a yield of 6.7%.*

*For Feature Articles to Appear in the October 10th Issue*

*See Page 971*

## INSURANCE DEPARTMENT

*(Continued from page 1013)*

instead of waiting for it to mature two years later,—and purchase the annuity at ages 65—(your husband's and your own age at that time).

### FOR A COLLEGE PROFESSOR

#### 28 Years Old—Unmarried—Opposed to Carrying Much Insurance

*I am taking advantage of my position as a subscriber to* THE MAGAZINE OF WALL STREET *to ask you for advice concerning the type of insurance I should take out.*

*I am twenty-eight years of age, a college professor, unmarried, with no immediate prospects of being so. I am making a salary of two hundred and fifty dollars a month the year round, and am saving and investing a considerable portion in conservative income bearing securities, so insurance does not interest me from an investment standpoint. I have no direct dependents, however; within the next few years my parents may become dependent on me to a small degree. At present I carry no insurance at all; I permitted my war insurance to lapse a short time after I received my discharge in 1919; I have made application for insurance under the Bonus Act of last spring, however. I have no desire to carry a large amount of insurance.*

*How much would you suggest that I carry, of what type, and with what company? What do you think of the Metropolitan Insurance Company? I will certainly appreciate any advice or suggestions that you may see fit to give me on this matter.—M. O., Richmond, Ind.*

While you have no immediate prospects of marrying, it is quite possible—indeed altogether probable—that you will later decide to become a "Benedict." Meantime you doubtless wish to establish an immediate protective fund for your parents, so that in event of your untimely death you will have established some definite provision for their old age maintenance.

As the earnings of a professional man along educational lines would normally increase toward its peak during the next twenty-five or thirty years, I would suggest that you consider applying for a 30-Year Endowment policy, which if taken at your present age of 28 would yield its proceeds to you in your 58th year; would provide protection for a beneficiary over an extended period; and would necessitate the payment of premiums only over that time of life when your income would naturally be on an increasing scale.

On the non-participating plan a $5,000 policy on the 30-Year Endowment plan, issued at age 28, would cost about $125 in annual premiums. On the participating basis the cost would be approximately $145 annually, reducible by annual dividends. In the case of the participating insurance, an excellent plan is to leave the dividends to accumulate at interest, payable with the proceeds at maturity. This gives an attractive increase to the face amount when the Endowment matures.

A $5,000 policy on the above plan would necessitate a monthly saving to meet annual premiums of from $10 to $12 per month depending on which basis it is written. If you can afford to make it a $10,000 policy, so much the better!

# KEEP POSTED

The books, booklets, circulars and special letters listed below have been prepared with the utmost care by investment houses of the highest standard. They will be sent free on request, direct from the issuing house. Ask for them by number.

We urge our readers to take full advantage of this service. Address, Keep Posted Department, Magazine of Wall Street, 42 Broadway, New York City.

**43 YEARS WITHOUT LOSS TO ANY INVESTOR**

The well-known firm of investment bankers who bring out this booklet have endeavored in the 1925 edition to present a comprehensive story of the business methods which for 43 years have insured the safety of all their underwritings to the end that no investor has ever suffered a loss or been compelled to wait even a single day for the payment of principal and interest upon his securities. (217)

**ODD LOTS**

A well known New York Stock Exchange firm has ready for free distribution a booklet which explains the many advantages that trading in odd lots offers to both small and large investors. (225).

**MAINTAINING A NATIONAL MARKET**

A booklet of great interest to all holders of first mortgage real estate bonds. Send for your free copy. 329.

**TWO TO FOUR PER CENT EXTRA**

This booklet presents the series of examples, tables, charts and diagrams comparing eight per cent with four per cent and eight per cent with six per cent. All calculations were checked by certified public accountants. Send for your free copy 344.

**A QUESTION ANSWERED**

An extremely interesting illustrated booklet explaining how a stock exchange firm handles out of town business. It shows how orders are treated from the time the letter arrives to the final placing of the certificates purchased. (278).

**8% AND SAFETY**

To hasten the rapid growth of Florida, the rate for first mortgage bonds in that state is 8%. This interesting booklet tells why they are safe. (322).

**THE PARTIAL PAYMENT**

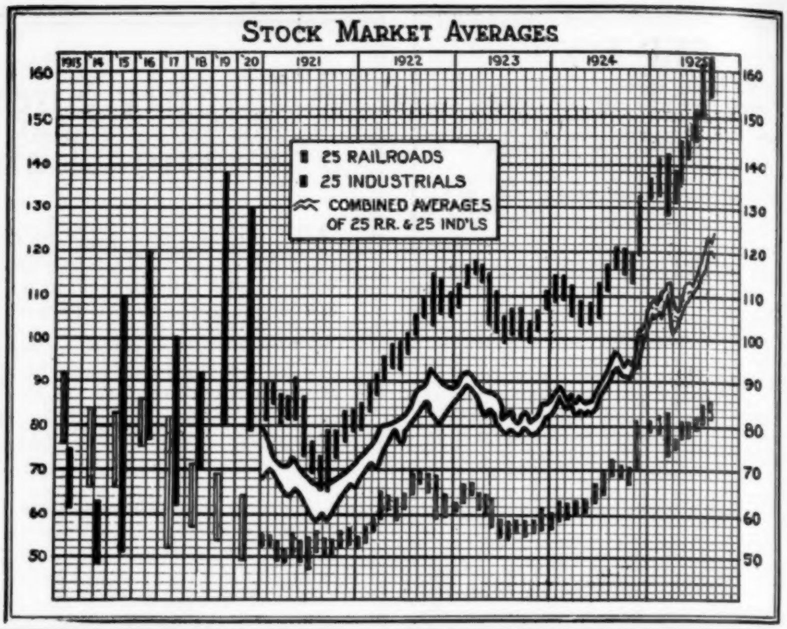
method of purchasing good securities in odd lots and full lots on convenient terms is explained in a free booklet issued by an old established New York Stock Exchange House. (224)

**BOND RECORD**

A convenient record book for listing bond holdings, interest payments, profits, etc. Title heading of book "My Investments." A limited number is being distributed gratis by a leading Bond House. (285).

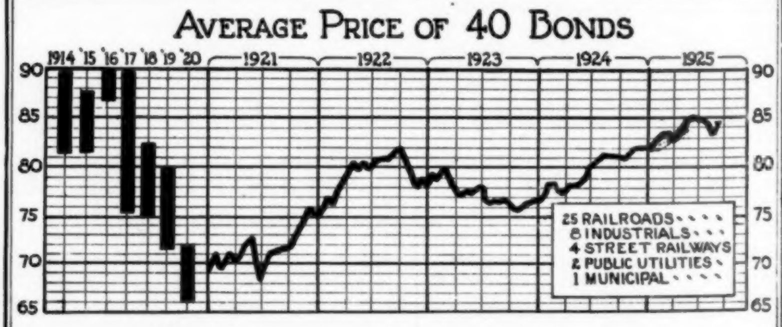
**THE FORMULA OF SAFETY**

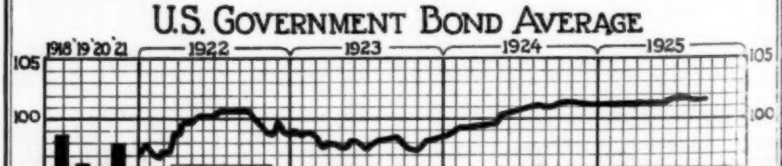
The salient features of this Formula of Safety as developed by an old established Bond and Mortgage House, are here set out for investors who would think before, rather than after, placing their funds. Ask for (327).




# MARKET STATISTICS

| | N.Y.Times 40 Bonds | Dow, Jones Avgs. 20 Indus. | 20 Rails | N. Y. Times —50 Stock— High | Low | Sales |
|---|---|---|---|---|---|---|
| Thursday, Sept. 3.. | 84.05 | 139.91 | 100.67 | 120.38 | 118.76 | 1,007,705 |
| Friday, Sept. 4.... | 84.22 | 140.88 | 101.36 | 121.23 | 119.89 | 1,075,519 |
| Saturday, Sept 5.. | 84.20 | 141.30 | 101.63 | 121.60 | 121.08 | 537,438 |
| Monday, Sept. 7... | | HOLIDAY | | HOLIDAY | | |
| Tuesday, Sept. 8... | 84.15 | 140.86 | 101.58 | 122.60 | 121.06 | 1,191,810 |
| Wednesday, Sept. 9 | 84.20 | 142.40 | 102.75 | 122.92 | 121.42 | 1,457,300 |
| Thursday, Sept. 10. | 84.26 | 143.83 | 102.40 | 123.73 | 122.41 | 1,833,678 |
| Friday, Sept. 11... | 84.37 | 145.38 | 102.22 | 124.06 | 122.69 | 1,808,275 |
| Saturday, Sept. 12. | 84.40 | 145.95 | 102.22 | 124.13 | 123.45 | 900,044 |
| Monday, Sept. 14.. | 84.41 | 146.63 | 102.78 | 125.04 | 123.65 | 2,156,655 |
| Tuesday, Sept. 15.. | 84.36 | 143.89 | 102.57 | 124.98 | 122.98 | 2,011,075 |
| Wednesday, Sept. 16 | 84.45 | 145.87 | 102.94 | 124.63 | 122.86 | 1,599,049 |



# Over-the-Counter

## IMPORTANT ISSUES

### Quotations as of Recent Date*

| | | |
|---|---|---|
| Aeolian Co. pfd. (7) | 75 | — 85 |
| Aeolian Weber | 17 | — 22 |
| Aeolian Weber pfd. (7) | 88 | — 94 |
| Allied Packers | 4½ | — 7 |
| Sr. Pfd. | 8 | — 12 |
| Pr. Pfd. | 48 | — 53 |
| Alpha Port. Cement (6) | 130 | —133 |
| American Arch (5P) | 115 | —118 |
| American Book Co. (7) | 135 | —140 |
| Amer. Cyanamid (4P) | 103 | —109 |
| Pfd. (6) | 83 | — 86 |
| Amer. Thread pfd. (¼) | 3¾ | — 4 |
| Atlas Port. Cement (4) | 54 | — 56 |
| Babcock & Wilcox (7) | 144 | —146 |
| Barnhart Bros. & Spindler: | | |
| 1st Pfd. (7) G | 103 | —106 |
| 2nd Pfd. (7) G | 97 | — .. |
| Borden Co. (4) ...New | 82 | — 86 |
| Pfd. (6) | 106 | — .. |
| Bucyrus Co. (5) | 188 | —192 |
| Pfd. (7) | 104 | —108 |
| Celluloid Co. | 25 | — 30 |
| Pfd. (8) | 70 | — 75 |
| Congoleum Co. pfd. (7) | 101 | —103 |
| Crocker Wheeler | .. | — 23 |
| Pfd. | .. | — 75 |
| Devoe & Raynolds (6P) | 141 | —151 |
| 2nd Pfd. (7) | 98 | — .. |
| Eisenlohr (Otto) Bros. | 14¾ | — 15 |
| Pfd. (7) | 86 | — 90 |
| Franklin Rwy. Sup. (4) | 90 | — 94 |
| Gen. Optical pfd. (3½) | 24 | — 27 |
| †Gen'l Rwy. Sig. (6½s) | 330 | —340 |
| Hale & Kilburn pfd. (½) | 16 | — 19 |
| Ide (Geo. P.) & Co., Inc. | 5 | — 10 |
| Pfd. (8) | 65 | — 70 |
| Jos. Dixon Crucible (8) | 146 | —148 |
| Johns-Manville, Inc. (3) | 170 | —175 |
| Knox Hat | 50 | — 55 |
| 2nd Pfd. | 60 | — 70 |
| Pr. Pfd. (7) | 88 | — 93 |
| Lehigh Port. Cement (3) | 88 | — 91 |
| Metropolitan Chain Sts. | 46½ | — 48½ |
| 1st Pfd. (7) | 107 | —110 |
| 2nd Pfd. (7) | 105 | —107 |
| McCall Corp. | 126 | —132 |
| Pfd. (7) | x119 | — .. |
| Manhattan Rubber Mfg. | 36½ | — 38½ |
| Nat'l Fuel Gas (6) | 118 | —120 |
| New Jersey Zinc (8P) | 194 | —196 |
| Niles-Bement-Pond | 28 | — 33 |
| Pfd. | 60 | — 65 |
| Phelps Dodge Corp'n (4) | 118 | — .. |
| Pierce, But. & P'ce (8) | 120 | —130 |
| Pfd. (8) | 98 | —100 |
| Poole Eng'g (Md.) | | |
| Class A | 7 | — 12 |
| Class B | 7 | — 12 |
| Richmond Radiator (new) | 9 | — 15 |
| Pfd. (3) (new) | 34 | — 39 |
| Royal Bak'g Powder (8) | 140 | —143 |
| Pfd. (6) | 100 | —102 |
| Safety Car H. & L. (8) | 112 | —115 |
| Savannah Sugar (6) | 123 | —126 |
| Pfd. (7) | 106 | —109 |
| Sheffield Farms (6) | 200 | — .. |
| Pfd. (6) | 98 | —101 |
| Singer Mfg. Co. (10P) | 290 | —295 |
| Singer, Ltd. (¼) | 7½ | — 8½ |
| Superheater Co. (6) | 142 | —147 |
| Technicolor, Inc. | 5 | — 6 |
| Thompson-Starrett (6) | 110 | — .. |
| Pfd. (8) | 100 | — .. |
| Victor Talking Mach. | 73 | — 77 |
| White R'k 2d Pfd. (6P) | 172 | —210 |
| 1st Pfd. (7) | 98 | —103 |

*Dividend rates in dollars per share designated in parentheses.

†Called for redemption at 110 as of October 1.

G—Guaranteed as to principal and dividend by Amer. Type Founders.

P—Plus extras.

x—Ex-dividend $9.75.

THE unlisted market has shown a number of irregular price changes. The general body of stocks maintained their position, however, and some good gains were made. *Devoe & Raynolds*, a comparatively recent recommendation of this department, advanced substantially. Demand for this issue was evidently based upon the action of the company's directors recommending a change in common stock capitalization. Subject to the approval of shareholders at a meeting to be held September 22, the present common is to be exchanged in the ratio of three $100 par value shares for two shares of new Class A and one share of new Class B stock. Both issues will participate equally in dividend payments but the Class A stock is to have no voting power. It is also proposed to increase the amount of common stock by authorizing 30,000 additional shares of Class A stock. Half of these shares, together with funds to be taken out of surplus, will be devoted to the proposed purchase of the Wadsworth-Howland Co., Inc., of Boston. This concern is the oldest and largest paint manufacturer in New England.

The cement stocks manifested a firm undertone in conformity with the favorable conditions surrounding this industry. Extensive highway construction and record building operations indicate that these companies should fare as well or better this year than last. *Atlas and Lehigh* have not seen fit to take the public into their confidence so that no data is available with respect to earnings or financial position. Each of these companies produces approximately 20 million barrels of cement per annum. Sponsors of the shares state that current dividend payments are rather conservative in comparison with earning power.

*Alpha Portland Cement*, in the past three years, has disbursed but $15 a share to common stockholders out of $46.27 earned. Net profits in 1923 and 1924 were in excess of $18 a share. In

1922, the company earned $9.35. Alpha has no funded or floating debts and but 2.0 million dollars of 7% preferred stock ahead of its 15.8 millions common stock. The par value of this issue is $100. The common has experienced a fair advance since the stock was first brought to the attention of our readers but, in view of the company's very strong working capital position and prospects for continued high earnings, the shares still seem attractive. A larger dividend is a reasonable possibility.

### *MANHATTAN RUBBER MANUFACTURING CO.*

To speak of rubber manufacturers is to raise immediately visions of the automobile tire industry, a business that suffered vicissitudes more or less pronounced in the period 1921-1924. Manhattan has been less susceptible to the ordinary difficulties of the rubber industry as demonstrated by its record. It is one of the very few rubber companies that avoided an operating deficit in 1921. Income and dividends were reduced in that year of depression but the company, nevertheless, was able to maintain an uninterrupted schedule of payments to shareholders.

Manhattan is a producer of mechanical rubber goods such as transmission and conveyor belting, suction and fire hose, floor coverings, press rolls, molded goods and a variety of other products. These materials find an outlet in a great number of unrelated industries, including textiles, paper and mining.

The goods manufactured at Manhattan's plant in Passaic, N. J., are distributed through its own sales branches in eighteen leading cities. These branches are scattered over the United States so that the company may reach all important consuming centers.

Net sales have averaged 9.17 million dollars annually for the past three years and net profits in the same period averaged the equivalent of $5.08 a share for the 177,600 shares of $25 par value common stock. This issue constitutes the company's sole capitalization, there being neither bonded or floating debt.

Financial position is sound and working capital position comfortable. Current assets at the close of 1924 amounted to 3.37 million dollars compared with $526,035 current liabilities, a ratio in excess of 6 to 1.

Dividends, reduced to the basis of present capitalization, have varied between a minimum of $1.50 a share in 1921 and a maximum of $3.25 in 1918, exclusive of 33 1/3% in stock dividends paid in 1917 and 50% paid in each of the years 1915 and 1920. The present rate is $2.50 a share so that, at current bid prices, the stock yields 6.5%. Although earnings are subject to some variation in keeping with the trend of general industrial conditions, the company's record and financial status place the shares on a footing with the more substantial type of spec-vestments.

# Bank and Insurance Stocks

## Quotations as of Recent Date

### National Banks:

| | Bid | Asked |
|---|---|---|
| American Exchange (16) | 435 | 445 |
| Chase (20A) | 500 | 510 |
| Chatham & Phenix (16) | 358 | 360 |
| Chemical (24) | 660 | 670 |
| City (20A) | 495 | 498 |
| Commerce (16) | 385 | 395 |
| First (N. Y.) (100A) | 2880 | 2920 |
| Hanover (24) | 1075 | 1125 |
| Mechanics & Metals (20) | 435 | 445 |
| Park (24) | 500 | 510 |
| Public (16) | 535 | 545 |
| Seaboard (16) | 590 | 600 |

### Trust Companies:

| | Bid | Asked |
|---|---|---|
| Bankers (20) | 520 | 525 |
| Bank of N. Y. & Trust Co. (21) | 600 | 615 |
| Brooklyn (30) | 820 | ... |
| Central Union (28) | 870 | 885 |
| Empire (16) | 360 | 370 |
| Equitable (12) | 307 | 315 |
| Farmer's L. & T. (16) | 570 | 580 |
| Guaranty (12) | 380 | 388 |
| Irving-Columbia (14) | 315 | 325 |
| Manufacturers (16) | 495 | 510 |
| New York (20) | 490 | 500 |
| United States (60) | 1830 | 1875 |

### State Banks (New York):

| | Bid | Asked |
|---|---|---|
| America (12) | 285 | 295 |
| Corn Exchange (20) | 515 | 525 |
| Manhattan Co. (8C) | 210 | 217 |
| State (16) | 550 | 560 |
| United States (10) | 280 | 290 |

### Insurance Companies:

| | Bid | Asked |
|---|---|---|
| Aetna Fire (24) | 590 | 600 |
| Carolina (1) | 37 | 39 |
| Continental (6) | 113 | 115 |
| Fidelity-Phenix (6) | 165 | 168 |
| Glens Falls (1.60) | 38 | 40 |
| Globe & Rutgers (28) | 1325 | 1375 |
| Great American (16) | 280 | 285 |
| Hanover (5) | 175 | 185 |
| Hartford Fire (20) | 590 | 600 |
| Home (18) | 340 | 346 |
| Milwaukee Mech. (2.20) | 40 | 43 |
| National Fire (20) | 735 | 745 |
| Niagara (10) | 250 | 255 |
| North River (4) | 108 | 113 |
| Stuyvesant (6) | 218 | 223 |
| Travelers (20) | 1395 | 1405 |
| United States (4.80) | 138 | 142 |
| Westchester (2.50) | 43 | 45 |

### Casualty and Indemnity Companies:

| | Bid | Asked |
|---|---|---|
| American Surety (6.50) | 154 | 159 |
| National Surety (9) | 206 | 210 |
| U. S. Casualty (10) | 315 | 330 |
| U. S. Fid. & Guar (9) | 209 | 213 |

### Joint Stock Land Banks:

| | Bid | Asked |
|---|---|---|
| Bankers of Milwaukee (10) | 175 | 181 |
| Chicago (10) | 182 | 188 |
| Dallas (10) | 174 | 178 |
| Denver (8) | 137 | 143 |
| Des Moines (9) | 155 | 158 |
| First Carolinas (8) | 127 | 132 |
| Kansas City (10) | 181 | 185 |
| Lincoln (9) | 156 | 163 |
| St. Louis (8) | 140 | 145 |
| Southern Minnesota (10) | 168 | 173 |
| Virginia (.50 B) | 8¾ | 9¼ |

(A) Includes dividends from Securities Company.
(B) Par $5.
(C) Par $50.

GREAT buoyancy has characterized the bank stocks market during the last fortnight. Some altogether exceptional gains have been made. The reason for this sudden burst of popularity is not clear. A sudden increase of demand found no offerings to meet it. American Exchange, for a long time a feature, again went up $15. Chase National recorded a gain of $20. Chatham & Phenix $28 and Mechanics and Metals $15.

Among the so-called "cloak and suit" banks, a considerable part of whose loans and deposits are in the garment industries, there has been seen the widest activity of all. Public National has been bid up $40. Capitol National, ordinarily a quiet and steady stock, has shot up from 195 to 260, a gain of $65 or 30% in two weeks. Obviously, some important developments are in store for the stockholders. A rumor was denied that Manufacturers Trust would absorb this institution on favorable terms. At any rate Manufacturers Trust showed great gains, having advanced from 450 to 495.

None of the other trust companies quite equalled this performance. Central Union Trust advanced $20, due principally to an extremely short supply. Guaranty continued its recent handsome gains, going up $10 further and Irving Bank-Columbia Trust rose $25.

The fortnight has produced no constructive news of the companies in the Insurance field. Generally the lists have been heavy. Stock life insurance companies furnished an agreeable exception as did Surety and Casualty companies. American Surety, New York Casualty and U. S. Fidelity and Guaranty were the strong spots in their group. Among the fire companies Travelers was the only one that showed a large gain, having gone up 25 points. Among the minor strong companies may be mentioned Milwaukee Mechanics which on account of its sound-

ness and low cost per share has been featured as a "poor man's opportunity."

While Home continued its weakness, slumping to 340, it is obvious that it has entered the buying zone. The slightly unfavorable statement issued a month ago has been amply reflected in the reduced price, and it should turn the tide; its subsidiary, Carolina, has already shown reviving popularity.

Among the important companies whose price appears too low may be mentioned Great American. The dividends of $16 per share, on the present price of $285, make it an attractive stock on a yield basis. Both yield basis and future growth are the two principal considerations for the investor, as the income from investments per share of Great American is only $16.70. It is this small margin that keeps the price down, but the continuation of the dividend rate seems certain. The essential financial soundness and growing business of the company make it an attractive long-term investment.

Joint Stock Land Bank stocks have bettered in price a little; their yields are still exceptionally attractive.

## Securities Analyzed in This Issue

## TEN BEST PROSPECTS FOR HIGHER DIVIDENDS AMONG RAILS

*(Continued from page 992)*

changing the dividend rate, but there is little question that favorable action will eventually be taken.

*Norfolk & Western*

Sooner or later Norfolk & Western will unquestionably be found in the Pennsylvania System. The present owners of the road are not likely to sell out their interest to Pennsylvania at terms less favorable than an 8% guaranteed dividend, and it is possible that even better will be received.

*"Mop" Pfd.*

Missouri Pacific has developed into one of the largest systems in the country. As its mileage is largely in the Southwestern territory it has benefited by the greatly improved business conditions in the southwest in the past few years. It is probable that earnings this year will be equivalent to three times the $5 dividend to which the preferred stock is entitled, and as "Mop" has been successful in financing its improvements and acquisition of new lines through bond issues there is apparently no reason why dividends on the preferred stock should not be resumed in the near future. The preferred stock is a cumulative issue and 35% back dividends are due. *It is probable that some plan will be formulated before long to take care of these accruals and place the common stock in line for dividends.*

## SPECULATIVE OPPORTUNITIES IN HIGH YIELD BONDS

*(Continued from page 994)*

issued in 1893, have paid interest for thirty years despite receiverships. The sale of the car barns at 50th Street and the projected sale of the Cable Building, in Houston Street, New York, should result in 4 millions of this issue being called. There are 8.1 millions outstanding.

*Apart from the record of the company under receivership it is difficult to see why these bonds are selling at 72 to yield over 8%. They are an excellent speculation.*

*MEXICAN LIGHT & POWER CO., LTD.*

1st 5s 1949

These bonds are outstanding in the amount of 11.3 million dollars. Sinking fund operations have retired $700,000. A Canadian enterprise, in the

hands of skilled operators, these bonds are listed in London, Montreal and Toronto and have an active over-the-counter market in New York. All power and electric light distribution in Mexico City and suburbs are controlled by this company.

As a result of the unsettled political situation under the Huerta dictatorship, receivership was forced upon the company from 1915 to 1921. Under Obregon and Calles it has flourished and since reorganization in 1921 has earned annual interest requirements four times over. All deferred interest on the issue was paid in 1923. It is probable that it has the best record for average earning surplus of any bonds with so high a yield.

Five million dollars of American currency is owed to the corporation, for power and light consumed, by the Republic of Mexico. In the opinion of experts, at least a large part of this debt will be discharged.

*In view of consistently large earnings and possibility of heavy cash receipts, the bonds are an attractive speculation for those who wish to disregard past Mexican history. At 67 they yield 9%, approximately.*

### Important Dividend Announcements

Note.—To obtain a dividend directly from the company the stockholder must have his stock transferred to his name before the date of the closing of the company's books.

| Ann'l Rate | | Amount Declared | | Stock Record | Payable |
|---|---|---|---|---|---|
| $4 | Air Reduction | $1.00 | Q | 9-30 | 10-15 |
| — | Air Reduction | $1.00 | Ext | 9-30 | 10-15 |
| $4 | Am. Beet Sugar cm. | $1.00 | Q | 10-10 | 10-31 |
| $2 | Amer. Roll. Mill cm. | $0.50 | Q | 9-30 | 10-15 |
| 8% | Am. Shipbuild. cm. | 2% | Q | 10-15 | 11-2 |
| 7% | Am. Shipbuild. pf. | 1¾% | Q | 10-15 | 11-2 |
| $3 | Amer. Steel Fdy. cm. | $0.75 | Q | 10-1 | 10-15 |
| 7% | Bush Terminal pf. | 1¾% | Q | 10-1 | 10-15 |
| $4 | Chic. Yellow Cab | $0.33⅓ | M | 10-20 | 11-2 |
| $8 | Chrysler Corp. pf. | $2.00 | Q | 10-10 | 10-26 |
| $7 | Cudahy Co. cm. | $1.75 | Q | 10-5 | 10-15 |
| $2 | Dome Mines | $0.50 | Q | 9-30 | 10-20 |
| 6% | Elec. Bond & Share pf. | 1½% | Q | 10-15 | 11-2 |
| $8 | Famous Players pf. | $2.00 | Q | 10-15 | 11-2 |
| $6 | Gen. Motors 6% pf. | $1.50 | Q | 10-5 | 11-2 |
| $6 | Gen. Motors 6% deb. | $1.50 | Q | 10-5 | 11-2 |
| $7 | Gen. Motors 7% pf. | $1.75 | Q | 10-5 | 11-2 |
| $2 | Indian Motor cm. | $0.50 | Init | 10-15 | 11-1 |
| $8 | Int'l Bus. Mach. | $2.00 | Q | 9-24 | 10-10 |
| 6% | Int'l Paper pf. | 1½% | Q | 10-1 | 10-15 |
| 7% | Int'l Paper pf. | 1¾% | Q | 10-1 | 10-15 |
| $6 | Int'l Tel. & Tel. | $1.50 | Q | 9-26 | 10-15 |
| $7 | Loose-Wiles Bis. 2 pf. | $1.75 | Q | 10-19 | 11-1 |
| $3 | Magma Copper | $0.75 | Q | 10-1 | 10-15 |
| $7 | McCrory Stores pf. | $1.75 | Q | 10-20 | 11-1 |
| $12 | Mexican Pete. cm. | $3.00 | Q | 9-30 | 10-20 |
| $8 | Mexican Pete. pf. | $2.00 | Q | 9-30 | 10-20 |
| $7 | Mid West Util. pf. | $1.75 | Q | 9-30 | 10-15 |
| $3 | Nat'l Biscuit cm. | $0.75 | Q | 9-30 | 10-15 |
| $1.80 | Orpheum Circ. cm. | $0.15 | M | 10-20 | 11-1 |
| $5 | Pacific Tel. & Tel pf. | $1.25 | Q | 9-30 | 10-15 |
| $6 | Pan Am. Pete. "A" | $1.50 | Q | 9-30 | 10-20 |
| $6 | Pan Am. Pete. "B" | $1.50 | Q | 9-30 | 10-20 |
| 8% | Peoples G. Lt. & Coke | 2% | Q | 10-3 | 10-17 |
| 5% | Pere Marq. pr. pf. | 1¼% | Q | 10-15 | 11-2 |
| 5% | Pere Marq. pf. | 1¼% | Q | 10-15 | 11-2 |
| $8 | Pierce-Arrow pr. pf. | $2.00 | Q | 10-1 | 10-1 |
| $3 | Stand. G. & Elec. cm. | $0.75 | Q | 9-30 | 10-26 |
| 7% | Stand. G. & Elec. pf. | 1¾% | Q | 9-30 | 10-26 |
| $½ | Telautograph Corp. cm. | $0.25 | SA | 10-15 | 11-2 |
| 7% | Telautograph Corp. pf. | 1¾% | Q | 9-30 | 10-1 |
| $6 | Tobacco Prod. cm. | $1.50 | Q | 10-1 | 10-15 |
| 7% | United Drug 1st pf. | 1¾% | Q | 10-15 | 11-2 |
| 6% | Western Pacific pf. | 1½% | Q | 10-8 | 10-20 |
| 7% | West. Pa. Pow. pf. | 1¾% | Q | 10-15 | 11-2 |
| $7 | West. Union Tel. | $1.75 | Q | 9-25 | 10-15 |
| $6 | West'gh. Air Brake | $1.50 | Q | 9-30 | 10-31 |
| $4 | West'gh. E. & M. cm. | $1.00 | Q | 9-30 | 10-31 |
| $4 | West'gh. E. & M. pf. | $1.00 | Q | 9-30 | 10-15 |
| $3 | Wrigley, Wm., Jr. | $0.25 | M | 10-20 | 11-1 |

## TRADE TENDENCIES

*(Continued from page 1022)*

iron has failed to stimulate steel prices which are still too low. It is probable that the latter will shortly harden in conformity with present early evidence of increased stability.

### COAL

*Markets Firmer*

In view of the substantial reserves of hard coal held by consumers and producers alike, the suspension of mining operations seems unlikely to have any other effect than to stiffen prices. That is, of course, provided the strike is not prolonged indefinitely.

Thus far, its effect has been most noticable in the market for bituminous coal. Despite the fact that producers have increased output, the prospect of larger demands upon the soft coal industry have caused a moderate rise in quotations. The generally active state of industry has contributed to this result.

While the outlook for soft coal companies has thus improved, the industry has still a lengthy path to travel before prosperity may be restored. The anthracite strike is not designed to aid producers in the latter field, more especially since consumers are becoming addicted to the use of substitute fuels.

### TEXTILES

*Some Improvement Shown*

The much depressed textile industry is beginning to take a more hopeful view of the immediate future. Stocks of goods have probably been brought to a low level by the ungenerous buying of consumers during many months. Fall requirements, however, have had the more definite effect upon orders which are broadening appreciably. The rise in raw cotton and silks has also acted to make buyers more anxious to secure materials.

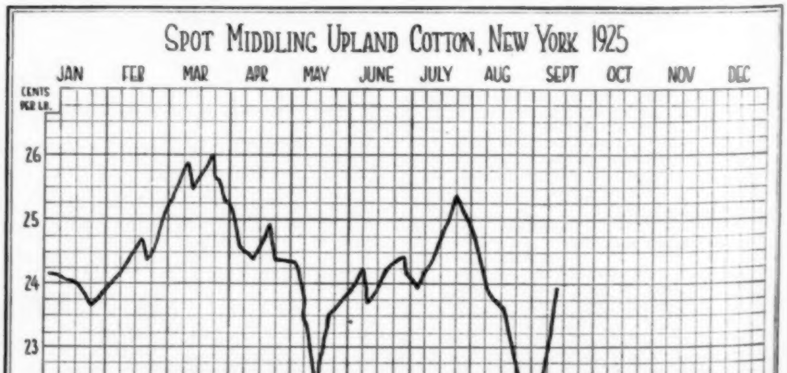
As heretofore, the silk companies remain in much the most enviable position. Cotton and woolen producers have brought operating costs to a lower average by the recent wage reductions. The situation has not improved materially in respect to profits, however, and it is problematical whether material progress will be made for some time.

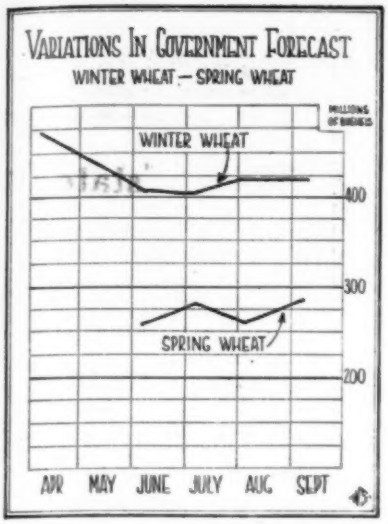
# Commodities Section

## Wheat — Corn — Cotton

*Note—With this instalment, we inaugurate our new commodities section. For the present, we shall cover only the three great staples—cotton, wheat and corn. If the demand justifies, we shall at some future date make arrangements to include sugar and coffee as well. We trust our readers will not hesitate to write and tell us what they think of this department, so that we may profit by their criticisms. The entire purpose, of course, is to aid those who are directly interested in the price fluctuations of the various markets, as well as business men and investors who desire to follow these developments for their economic significance.*

*WHEAT AND CORN* Wheat is on a domestic basis. Our net surplus for export, after considering carryover, is less than 60,000,000 bushels, or under 10% of the crop. Chicago rules the roost. The spread between Chicago and Winnipeg






is twenty cents. Ordinarily, Manitobas are ten cents higher than American hards, on a quality basis, so that the true spread is thirty cents. This is ten cents less than the forty-cent per bushel tariff, and is an effective bar to the competition of Canadian grains for our domestic market. The strong Winnipeg quotation of $1.34 reflects the world market, as Canada's abundant crop is almost entirely on an export basis.

Despite the abundance of crops abroad, the world available supply at this time is 60 million bushels less than last year. Russian exports, estimated at 80 millions, have already been discounted. Hence, the world situation is bullish, which is reflected in Winnipeg quotations. It has far less significance though for us than it has had for many years.

*With a domestic demand exceeding domestic supply and with the dominant tariff situation, wheat still looks bullish.*

---

The bears are in the saddle in corn. December delivery rules ten cents below September, and what is important, the May delivery is fully seven cents lower. While the export situation in corn is far from as restricted as in wheat, it is true that Argentine shipments will be made in October-November, at the crest of foreign demand, and that we will ship to the foreign market in December. In view of the size of our surplus available for export, this is distinctly unencouraging. Corn is our only grain crop largely dependent on the export market.

*That this bearish situation is fundamental is shown by continued weakness in futures despite the reduction in government estimates of the size of the crop.*

---

*COTTON* The bullish upturn in September shows no sign of flagging. What has carried spot middling from 22 cents to 24.65 this month has been the widespread pessimism as to the size of the crop. Responsible houses have issued estimates

of less than 13 million bales and the most authoritative estimates center about 13,400,000. The government estimate of 13,750,000, making the crop one per cent greater than last year, is for once above trade estimates. Government crop estimates have usually favored the grower by understating the crop. To the bearish element, the ginning returns indicate a yield of over 15 millions. Seldom has there been so wide a spread in the crop estimates.

With world-wide mill consumption understood to be running about 20% ahead of last year, at least for the first seven months of 1925, there is every prospect for an abnormal demand. Mill stocks are, if anything, below normal, and manufacturers are beginning active buying. Increased mill consumption is not altogether a clear gain in demand for our crops. American cotton this year will apparently amount to less than 58% of the world crop. Foreign crops are abundant and of good quality. Increasing competition abroad, while not very serious cannot be eliminated, as it takes a slight edge off of foreign demand for our product.

This somewhat bearish factor will cease to operate if our crop is below the government estimate. The only hope that it is larger has been based on the ginning returns. That these are not significant is shown by the fact that this is an early crop. Early crops are rarely abundant crops and this year is no exception.

*As the news of the crop shortage becomes more definite, December delivery should reflect the shortage, in higher prices.*

## INTIMATE TALKS WITH INVESTORS

### Pointers for the Bond Buyer

THE average careful investor uses the bond as a sort of repositary for his main funds, where he can be sure of getting a fair return on his money, *from the first day he invests*. For this reason, bonds are always sold at a price based on their par value, with the understanding (not expressed in the quotation), that the interest is a matter of mutual adjustment.

The par of every bond is normally $1,000, and the round or full lot corresponding to the 100 share trade in stocks is *one bond*. Expressed in units or money, the full lot in bonds is about the equivalent of 10 shares of stock having a par value of $100. To "buy a bond" has the same significance as buying, say, 10 shares of Steel (or less). For this reason big buyers, sellers and traders usually handle 100 shares or 10 bonds at a time. Where bonds are *traded* in, usually in active markets, the margin requirements on 10 bonds would be about the same as in 100 shares.

The bond quotation is always published or given in terms of *percentage*

of par. A bond quoted at 95 means 95 per cent of $1,000 par, or $950 for the bond. While it is true bonds are issued in $500 and $100 values, these are considered as odd lots. Any one wishing to buy $500 bond can do so, if the issuing corporation has provided for such a denomination. Not all of them have done so, and the buyer had better make inquiry. The seller of $500 bonds may have to accept a concession below the price for "regular" ($1,000) pieces and, in buying, may have to pay a premium.

The $100 bond is the subject of a special business altogether, is handled over-the-counter *only*, and while the price of these so-called *baby bonds* follows the general trend of the regular $1,000 pieces, in practice the writer (formerly an extensive buyer and seller of them) found their market a trying one—to say the least.

The $1,000 bond market is a satisfactory one, and as easy to handle as the regular stock market. The $500 bond market is fairly satisfactory where the floating supply is large, and the corporation issuing this denomination has divided the emission equally between the full $1,000 and $500 pieces. The $100 market is unsatisfactory from the traders' viewpoint but quite convenient for any one wishing to invest a small surplus from time to time, or unable to make big investments in the larger pieces, or following the lines laid down in "Financial Independence at Fifty." The odd lot buyer should not quibble about fractional variations in price, and it seems that so far as "baby bonds" are concerned the dealer is put to as much trouble (or more) and his expense is equal to transactions in $1,000 pieces. Therefore, somebody must pay. It takes full *points* to pay for the traffic in "baby bonds," a condition that dealers have not been able to remedy in the past ten or fifteen years of trading in them.

Nothing much need be said about the higher denominations which range from $5,000, $10,000, $25,000, $50,000 and even larger pieces. These are issued for the benefit of banks, institutions, capitalists, and are bought and sold on the same basis as $1,000 bonds. However, a splitting-up may become necessary into $1,000 pieces as the same law of "good delivery" applies in bonds as in stocks.

In stocks, nothing but a full 100 share lot is a "good delivery" although the buyer may accept that which suits his convenience. In bonds a $1,000 bond is a good delivery, and in selling a $10,000 one may tender a $10,000 piece which has the same actual value as *singles*, but the buyer can object to this.

This serves to remind us of a useful point. Both the trader and investor should have his house in order so far as his strong box is concerned, both as to stocks as well as bonds. Everything in it should be gone over for this test of "good delivery." Stocks should be split up into 100 share lots,

with odd lots (1 to 99) kept separately. To make them negotiable in a hurry, or to be sold in a hurry, indorse them *in blank*, the name on back agreeing *exactly* with the name on the face. Then the signature on back must be witnessed by a responsible official of some kind or by a man known to your broker. Ultimately, every signature must be guaranteed by a N. Y. Stock Exchange partner, and delay (perhaps loss) will come if formalities and red tape interfere at crucial moments! In practice the writer finds that a good witness is a bank president, bank cashier, justice of the peace, or the mayor.

Beyond splitting $10,000 (or higher) bonds into $1,000 pieces, nothing further need be done as most people own *coupon bonds payable to bearer*. A so-called partially *registered* bond where interest alone is payable to person designated, or a fully *registered* bond where principal and interest are payable to registered owner, is not a desirable form if such securities can be kept in a strong box, in a bank. They cannot be sold or changed without a good deal of formality, and the risk of forgery is as bad as the risk of theft. If the strong box is good enough, a coupon bond payable to bearer is pleasantly liquid, realizable, and salable without red tape!

A word about those coupons. They must *not* be tampered with. Coupons have not been cut by the writer till they are past due—one day late. If a

current coupon is cut, the bond is no longer good delivery—it is called "a ragged bond." The seller will be refused acceptance, and must then be considered "short" the very bond he actually owns: he must rebuy, await maturity of his coupon, and then sell again! Endless trouble and annoyance is caused daily through what may seem mere eagerness to draw some interest—by clipping a coupon one day too soon. In brokerage circles, coupons are scrutinized carefully, and though the owner has neglected to clip an overdue coupon, the broker—trained to watch details—does not overlook it. The client's account is then credited with his interest up to the date of sale plus the purchase price, and if necessary 1, 2, 7, or 20 more days' interest if necessary.

## EFFECT OF AVIATION ON UNITED STATES INDUSTRIES

*(Continued from page 989)*

from one of the leaders in the aviation industry and a man whose opinion is always given the most careful consideration by the best informed persons in the business.

It took the railroad half a century to reach its present status and the automobile is approximately twenty-five years old. The modern motor car uses about one-third of its full power in steady operation. The modern airplane uses about two-thirds of its power when flying. *The margin of safety is not sufficient in the case of the airplane.* When the plane is developed to a point where it has, say, 50%, or perhaps two-thirds of its power *in reserve* then the time will have arrived when passenger-carrying will be comparatively safe. That time will come but it is still distant.

### *Trend of the Industry*

The writer has already said that aviation in this country is on the eve of a tremendous impetus. He sees no occasion to revise that statement, except that the development is not along the lines of passenger transportation.

The trend of the aviation industry in the United States is along the line of the development of mail carriage and express service. While this trend may seem inconsequential in contrast to some of the lurid pictures of our air future which have been dished to the public in recent years, the fact remains that it is exceedingly important.

Macaulay said: "Of all inventions those which have shortened distance have done the most for humanity."

The map which accompanied the last article showed the coast-to-coast development of mail carrying by the government. Flying time from New York to San Francisco is 34 hours and it costs 24 cents to send a first class letter from New York to San Fran-

cisco. The importance of reducing the time of communication between those distances from approximately five days to 34 hours is incalculable. Bringing the various parts of the United States into closer communication means a quickening of industry. More business will be transacted, more freight will move and more construction will take place. San Francisco today, in respect to communication with New York, is where Chicago stood yesterday. The various security exchanges in the country will be able to function more quickly and efficiently because it will be possible to ship securities in much less time.

In short, the entire industrial and economic life of the country is always stimulated by any invention, improvement or development which saves time. *Within a few years practically all first class mail will be transported by airplane.* In fact, the old method of slow mail will be regarded as out of date and will be relegated to carrying publications, circulars and communications which are sent in bulk and where the element of time-saving is relatively unimportant.

### *Express by Airplane*

The second line of development which is active is that of carrying express packages by airplane, such as securities, valuables, important papers, photographs, etc. Anything of small weight and for which speedy delivery is required, will go by plane in the not distant future. Such service, like the mail service, will tend to quicken industry generally. And from such service passenger-carrying in time will evolve, as soon as the objections and obstacles already touched upon are gradually eliminated.

### *Place of Airplane in Industry*

In the opinion of the writer and of many individuals who are informed in the matter the aeroplane will never displace the steamship, steam engine or the automobile. It may cut into their fields, just as the motor vehicle has cut into the field of the traction companies, but is not likely to entirely supersede them. The airplane will make its place in the economic scheme of things and as it is developed and improved that plane will become of greater importance. But it must not be forgotten that other methods of transportation will not mark time. We may expect, based on the experience of the past, that railroad and steamship transportation will continue to evolute also. Activity begets activity. Quicker communication, faster transportation, means increased heavy freight movements. Owing to the problems peculiar to the aviation industry, air transportation is bound to be measurably more expensive than land or water transportation.

There are those who profess to believe that in time the motor car will entirely or at least largely supplant the steam engine as a means of loco-

motion but the facts do not bear out that assumption. The roads of the United States today are carrying more passengers and greater tonnages than at any time in their history. The great movement from the city to the country, which has gained such proportions in the last few years, is the direct result of the automobile and is of direct benefit to the railroads for it has greatly increased the latter's freight and passenger traffic.

The airplane, therefore, will not supplement existing means of transportation. It will take something from the steamship, railroad and automobile, but it will also give something to them in return. Perhaps it will create as much new business for them as it takes away. Each method of transportation will have its place in the scheme of things.

### *The Long Range Outlook*

The immediate future of the airplane, as has been shown, lies along the lines of developing mail and express service. Henry Ford's new aviation company is engaged on nothing more or less than a careful experiment conducted on a large scale to determine to what extent the airplane is commercially practical. What class of freight will it pay to send by air? Will the quicker shipment compensate for the greater expense of air transportation? Can the airplane be depended upon to make its trips regularly and under all circumstances? *Etcetera.*

A little over a year ago, Mr. Keys, whom we have already mentioned, made a careful study of the subject of commercial aviation. Certain individuals in Detroit had asked him to make a survey of the possibilities of commercial aviation on a transcontinental line owned and controlled by private capital. Addressing the House Committee of Inquiry Into the Operations of the United States Air Services, Mr. Keys said (Jan. 15, 1925):

> "I reported to both these parties that it was not possible in the Spring of 1924, for any men who studied it carefully, to go into that business on a commercial basis. In the first place, the cost of transportation by air for air tonnage is approximately varying from ten to twenty-five to one against the present established means of carrying the same article. The service on the articles at the present time is sufficiently satisfactory to make it difficult to induce people to change, except by slow degrees, and by evolution, to the air means of transportation. And my report was definite. At the present moment it is a government function or none at all."

In the word "evolution" Mr. Keys struck the key-note of the air situation. The air industry is evoluting and evoluting rapidly. But it still has a considerable way to go before trans-

(*Please turn to page* 1057)

# THE OPPORTUNITY EXCHANGE

IDEAS - SERVICE - COMMODITIES

*A Clearing House For Business Men*

MEN - AGENTS - BUSINESS OPPORTUNITIES

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**For $1.25 PER THOUSAND**
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429 East 53rd St., N. Y. City. Dept. T.
TELEPHONES PLAza 1874-1875-1518
Established 1898 Incorporated 1905

**Dividends**

**CONTINENTAL BAKING CORPORATION**

The Board of Directors has t is day declared the following dividends:

**$2.00 per share**
on the outstanding
**PREFERRED STOCK**

**$2.00 per share**
on the outstanding
**CLASS A COMMON STOCK**

Both dividends are payable on October 1, 1925, to stockholders of record on September 17, 1925. The stock transfer books will not be closed.

**Brayton Campbell**
*Treasurer*

*September 10, 1925*

## *Certain-teed*

*1st Preferred Dividend No. 35*
*2nd Preferred Dividend No. 35*
*Common Dividend No. 11*

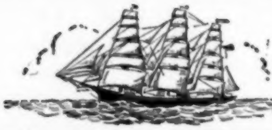
***The Board of Directors has this day declared the thirty-fifth quarterly dividends of 1¾% on the First and Second Preferred Stocks and the eleventh dividend of $1.00 per share on the Common Stock of this Corporation, payable October 1, 1925, to Stockholders of record at the close of business September 18, 1925. Checks will be mailed.***

***Certain-teed Products Corporation***

*ROBERT M. NELSON,*
*Secretary-Treasurer*

*New York, September 9, 1925.*

**Dividends**



*The*
**SEAMEN'S BANK FOR SAVINGS**
56 WALL STREET NEW YORK CITY

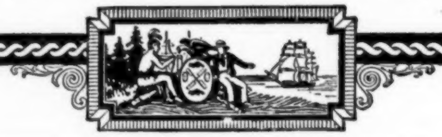
A QUARTERLY DIVIDEND AT THE RATE OF 4%
per annum, has been declared payable on or after October 15th, 1925

DEPOSITS MADE ON OR BEFORE THE
**THIRD BUSINESS DAY**
WILL DRAW INTEREST FROM THE FIRST OF EACH MONTH

*INTEREST COMPOUNDED QUARTERLY*

SAVINGS ACCOUNTS INVITED
***BANKING BY MAIL***

HERBERT K. TWITCHELL, *President*
WILLISTON H. BENEDICT, *Secretary* RALPH H. STEVER, *Comptroller*



**Remington-Noiseless Typewriter Corporation**
**Preferred Dividend No. 3**

New York, September 10, 1925.

The Board of Directors has this day declared a quarterly dividend of $1.75 per share on the Preferred Stock payable October 15, 1925, to stockholders of record October 3, 1925.

**HAROLD E. SMITH,**
*Secretary.*

**Remington Typewriter Company**
**Second Preferred Dividend Nos. 75, 76 and 77**

New York, September 10, 1925.

The Board of Directors has this day declared a dividend of 6% per share on the Second Preferred Stock as follows:

4% per share on account of accrued dividends for quarters ending March 31 and June 30, 1925;

2% per share, regular quarterly dividend for quarter ending September 30, 1925.

Payable October 1, 1925, to stockholders of record September 21, 1925.

**HAROLD E. SMITH,**
*Secretary.*

SOUTHERN RAILWAY COMPANY

New York, September 10, 1925.

A dividend of one and one-quarter per cent (1¼%) on the Common stock of Southern Railway Company has been declared payable on November 2, 1925, to stockholders of record at the close of business September 22, 1925.

C. E. A. McCARTHY, Secretary.

**Dividends**

**Warren Brothers Company**
**Preferred Stock Dividend No. 94**

Dividends of one and one-half per cent. (1½%) on the First Preferred Stock and of one and three-quarters per cent (1¾%) on the Second Preferred Stock of this Company have been declared for the quarter ending September 30, 1925, payable on October 1, 1925, to stockholders of record at the close of business September 19, 1925.

E. SUTCLIFFE, Treasurer.

**Warren Brothers Company**
**Common Stock Dividend**

A quarterly dividend of One Dollar ($1.00) per share has been declared on the Common Stock of this Company, payable on October 1, 1925, to stockholders of record at the close of business September 19, 1925.

E. SUTCLIFFE, Treasurer.

**Cluett, Peabody & Co., Inc.**
**Preferred Stock Dividend No. 51**

The Board of Directors has declared a quarterly dividend of One Dollar and Seventy-five Cents per share on the Preferred Stock of the Company, payable October 1, 1925, to stockholders of record at the close of business September 19, 1925. Checks will be mailed by the Irving Bank-Columbia Trust Company.

D. A. GILLESPIE, Treasurer.
Troy, N. Y., September 9, 1925.

THE WESTERN UNION TELEGRAPH COMPANY

New York, September 8, 1925.

DIVIDEND NO. 226

A quarterly dividend of One and Three-Quarters Per Cent. has been declared upon the Capital Stock of this Company, payable on October 15, 1925, to stockholders of record at the close of business on September 25, 1925.

The transfer books will remain open.

G. K. HUNTINGTON, Treasurer.

### Charters

DELAWARE incorporator; charters; fees small; forms. Chas G. Guyer, 901 Orange St., Wilmington, Del.

New Mexico oil leases. 18,000 acre solid block. Also Texas Panhandle leases. Orcutt Harris, 816 Colcord Bldg., Oklahoma City.

### Dividends

## Monongahela West Penn Public Service Company

The Board of Directors of Monongahela West Penn Public Service Company has declared a dividend of 43¾c per share on its 7% Preferred Stock for the quarter ending September 30th, 1925, payable October 1st, 1925, to stockholders of record at the close of business September 15th, 1925.

S. E. MILLER, Secretary.

**THE UNITED GAS IMPROVEMENT CO.**
**N. W. Cor. Broad and Arch Streets**

Philadelphia, September 9, 1925.

The Directors have this day declared a quarterly dividend of two per cent. ($1.00 per share) on the Capital Stock of this Company, payable October 15, 1925, to stockholders of record at the close of business, September 30, 1925.

Checks will be mailed.

I. W. MORRIS, Treasurer.

**INTERNATIONAL TELEPHONE AND TELEGRAPH CORPORATION**

New York, September 10, 1925.

The directors of the Internationel Telephone and Telegraph Corporation have declared the regular quarterly dividend of one and one-half per cent (1½%) on the capital stock of the company, payable October 15, 1925, to stockholders of record September 26, 1925.

H. B. ORDE, Treasurer.

## Public Service Corporation of New Jersey

**Dividend No. 73 on Common Stock**
**Dividend No. 27 on 8% Cumulative Preferred Stock**
**Dividend No. 11 on 7% Cumulative Preferred Stock**

The Board of Directors of Public Service Corporation of New Jersey has declared dividends at the rate of 8% per annum on the 8% Cumulative Preferred Stock, being $2.00 per share; at the rate of 7% per annum on the 7% Cumulative Preferred Stock, being $1.75 per share; and $1.25 per share on the non-par value Common Stock for the quarter ending September 30, 1925. Dividends are payable September 30, 1925, to stockholders of record September 4, 1925.

T. W. Van Middlesworth, **Treasurer**

**SOUTHERN RAILWAY COMPANY**

New York, September 10, 1925.

PREFERRED STOCK

A dividend of one and one-quarter per cent (1¼%) on the Preferred Stock of Southern Railway Company has been declared payable on October 15, 1925, to stockholders of record at the close of business September 22, 1925.

COMMON STOCK

A dividend of one and one-quarter per cent (1¼%) on the Common Stock of Southern Railway Company has been declared payable on November 2, 1925, to stockholders of record at the close of business September 22, 1925.

C. E. A. McCARTHY, Secretary.

## WESTINGHOUSE ELECTRIC & MANUFACTURING COMPANY

A Quarterly Dividend of 2% ($1.00 per share) on the PREFERRED STOCK of this Company will be paid October 15, 1925.

A Dividend of 2% ($1.00 per share) on the COMMON STOCK of this Company for the quarter ending September 30, 1925, will be paid October 31, 1925.

Both Dividends are payable to stockholders of record as of September 30, 1925.

H. F. BAETZ, Treasurer.

New York, September 19, 1925.

*(Continued from page 1055)*

portation of passengers or freight on a large scale will be feasible.

If the government would put its shoulder to the wheel, as foreign governments have done, we might expect that the United States would be crisscrossed by air routes, like Europe, in a comparatively short time. But the government has not done so and is not likely to do so. That passenger-carrying will eventuate in this country in time no one doubts. But it will come through evolution and, as every one knows, evolution is a slow process.

Let us attempt to visualize, without fixing, the time when air transportation of passengers and high-class freight will be commonplace in this country.

We have already stated that in our opinion the airplane will supplement, not eliminate, present methods of transportation. And we have already pointed out that quickened communication is like yeast to bread, in the economic existence of any peoples. What will be the effect upon industry?

The growth of the automobile affords a fair criterion for in many respects the airplane may be compared with the automobile. A developed American air industry will mean a great increase in the demand for common and skilled labor. It will mean an increased demand for the highest type of engineering and executive skill. It will mean an increased demand for a multitude of products; copper, lead, grained woods, steel, rubber, cotton, etc. It will increase real estate values by bringing outlying districts nearer to large centers of population. In fact, it will have some effect direct or indirect upon practically every phase of human industrial activity in the United States.

The important developments pending in aviation are likely to result in an outpouring of securities such as characterized the boom in radio. In fact, there are several companies in existence now that are nothing more or less than stock-jobbing outfits. Let the buyer beware. The aviation game is a highly technical one and at this stage a highly speculative one. No investor should invest in new or old aviation securities without the most careful investigation and scrutiny. It stands to reason that if the process of air-traffic evolution can be hastened, the entire country will be benefited.

*For Features Articles to Appear in the October 10th Issue See Page 971*

### Dividends

## BAYUK CIGARS

INCORPORATED

**Philadelphia, Pa.**

Quarterly dividend of 1¾% on the First Preferred stock of this corporation: 1¾% on the Convertible Second Preferred stock, and 2% on the 8% Second Preferred stock have been declared payable October 15th, 1925, to holders of said stock of record at the close of business September 30th, 1925.

Checks will be mailed.

**Harvey L. Hirst**, *Secretary.*

September 18th, 1925.

### Dividends

## TOBACCO PRODUCTS CORPORATION

At a meeting of the Board of Directors held this day, a quarterly dividend of One Dollar and Fifty Cents ($1.50) per share on the Common capital stock of the Corporation was declared, payable on October 15, 1925, to stockholders of record at the close of business on October 1, 1925. Checks will be mailed.

WILLIAM A. FERGUSON
*Secretary*

*Dated September 14, 1925.*

## Endicott Johnson Corporation

**Dividend No. 26**

The Board of Directors has declared a quarterly Preferred Dividend of One Dollar Seventy-Five Cents ($1.75) per share and a Common Dividend of One Dollar Twenty-Five Cents ($1.25) per share, payable October 1st, 1925, to stockholders of record at the close of business September 19th, 1925.

Checks will be mailed by Irving Bank-Columbia Trust Company, Dividend Disbursing Agent.

MAURICE E. PAGE,
Secretary

September 8th, 1925.

**AMERICAN TYPE FOUNDERS COMPANY**

Jersey City, N. J., September 16, 1925.

A quarterly dividend (No. 94) of one and three-quarters per cent on the Preferred Stock and a quarterly dividend (No. 111) of two per cent on the Common Stock have this day been declared, payable October 15, 1925, to stockholders of record at the close of business October 5, 1925. Checks mailed by The Bank of America, Transfer Agent, 44 Wall Street, New York City.

WALTER S. MARDER, Secretary.

**NATIONAL CLOAK & SUIT COMPANY**

September 16, 1925.

COMMON STOCK DIVIDEND NO. 17

At a meeting of the Board of Directors of National Cloak & Suit Company held this day, a quarterly dividend of $1.00 per share on the Common Capital Stock of the Company was declared payable October 15th, 1925, to stockholders of record at the close of business October 9th, 1925. Transfer books will not be closed.

WILLIAM ROSENBAUM, Secretary.

**KEYSTONE POWER CORPORATION**

The Board of Directors of the Keystone Power Corporation has declared quarterly dividend of one and three-quarters (1¾%) per cent., for the quarter ending September 30th, 1925, payable on the 7% Preferred Stock of the Company on October 1st, 1925, to stockholders of record at the close of business on September 19th, 1925.

C. F. KALP, Treasurer.

## THE BELL TELEPHONE COMPANY OF CANADA

Notice of Dividend

A dividend of two per cent (2%) has been declared payable on October 15, 1925, to shareholders of record at the close of business on September 23, 1925.

W. H. BLACK,
Secretary-Treasurer.

Montreal, September 2, 1925.

**OTIS ELEVATOR COMPANY**

26th St. & 11th Ave., N. Y. C., Sept. 16, 1925.

A quarterly dividend of $1.50 per share on the Preferred Stock, and a dividend of $1.50 per share on the Common Stock will be paid October 15, 1925, to stockholders of record at the close of business on September 30, 1925. Checks will be mailed.

R. H. PEPPER, Treasurer.

**AUSTIN, NICHOLS & CO.,**

September 16, 1925.

The regular quarterly dividend of one and three-quarters percent (1¾%) on the preferred stock has this day been declared, payable November 1, 1925 to stockholders of record, Thursday, October 15, 1925, at three o'clock p. m. Transfer books will not close.

THOMAS M. McCARTHY,
Treasurer

# In size – beauty – luxury – power – price – in sheer excellence at low cost – *this fine six easily leads its field*

From any viewpoint you may regard it, this fine new Overland Six is a remarkable motor-car . . . characterful in style, delightful in performance . . . richly finished, masterfully engineered . . . handling at all speeds with an ease restful to men and a joy to women.

Within many, many dollars of its price, there is nothing that can compare with this automobile, *for quality* . . . a 38-horsepower engine . . . 112¾ inch wheelbase . . . Larger main bearing surface . . . Pressure feed lubricating system . . . Oil-tight universal joints . . . Heavier crown fenders . . . Two-tone polished lacquer finish . . . Genuine carpet floor-coverings . . . Very latest finger-type spark and throttle levers . . . Unusual room and comfort.

See this fine, powerful Overland Six . . . a car you will delight to drive . . . a car that you and yours will be proud to go about in. Easy terms. A small amount down. 52 weeks for the balance. Take along your present car to apply as part payment.

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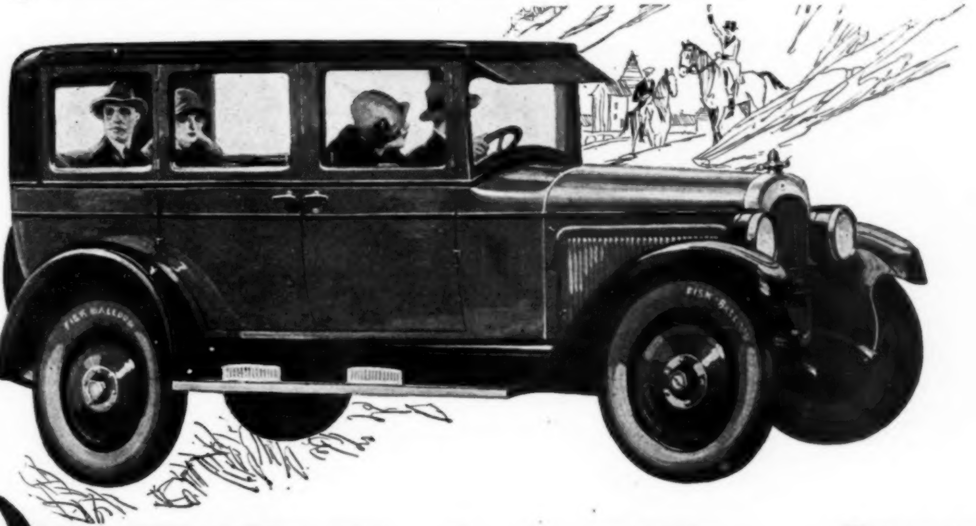

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*Standard Sedan* $895 — *DeLuxe Sedan* $1095

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